

AIR CARGO

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FOCUS



On the Cover
Stephanie Abeler
Vice President, Americas
Lufthansa Cargo

SPECIAL CONFERENCE EDITION - SUMMER 2023

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President's Corner

Remarks by Laura Pullins



Laura Pullins

Greetings Everyone!

As we come together for the CNS Partnership Conference, I take this opportunity to reflect on the past year. Firstly, this conference marks my one year anniversary as the President of CNS. During this time, I have been fortunate to witness many collective accomplishments that continue to develop and drive air cargo into the supply chain.

I also acknowledge that this period has brought challenges and frustrations. The accountability for DG handling has become increasingly complex with the introduction of Competency Based Training. PLACI has kept us on our toes as we re-write processes to accommodate new requirements. Additionally, we have the ongoing responsibility of educating shippers about relevant changes while promoting the benefits of air cargo.

Amid these factors, we must also focus on moving our own organizations forward. I thank all of you for your support and patience as CNS revamped the legacy CASS solution through a complete "rip and replace". We are committed to providing a solution that promotes efficiency in the supply chain payment process. Many of you have participated in working groups and have shared enhancement ideas and operational concerns. Thank you for your constructive feedback and please keep the ideas coming.

I see many of you driving change throughout your own organizations as well. During this past year, we attended conferences and talked about change, digitalization, sustainability, and compliance. However, it takes grit and persistence to "walk the talk".

Air cargo is the saving grace in the supply chain. We are there when the cargo absolutely must make it through. There is a thrill when the process goes as planned. And we know how to move into problem solving mode when it doesn't. I am a huge proponent that all supply chain professions should understand and appreciate the benefits of

air cargo. CNS is committed to extending air cargo training into higher education. We are embarking on partnerships with universities that will educate young people and hopefully interest them in exploring career opportunities within our field.

Our theme at this year's CNS Partnership Conference is, Momentum – Maintaining and Gaining. A fantastic opportunity to learn directly from the leaders at some of the world's top companies about the strategies they employ to keep the momentum going. We have excellent panel discussions as well, exploring topics like sustainability, regulations and culture. Our Fall issue of Focus will include pictures and insights from the conference.

Thank you for continuing to support CNS. My challenge for you as an air cargo professional is to speak intentionally to everyone you can about the excitement surrounding air cargo. Even over dinner, remind your friends that our industry is probably to thank for their delicious meal, especially if you're eating sushi.

A handwritten signature in black ink that reads "Laura Pullins".

Laura Pullins
President, CNS

Committed to flying towards **a more sustainable future**



- **We are specialists in South America.** Through our extensive network, we bring the region's most representative products closer to the world.
- **We transform our efficiency into sustainability.** We are an actor that promotes social, environmental and economic development in the region connecting the needs of its people and preserving biodiversity, culture and unique destinations.
- **As LATAM Group, we place sustainability at the center of our strategy,** which is why in 2021 we made several commitments: To become a zero waste to landfill group by 2027 and achieve carbon neutrality by 2050.
- **We will migrate to using up to 5% of SAF by 2030,** and as a complement we will offset our CO₂ emissions through our collaborative program "1+1: Offset to Conserve", generating an immediate impact by supporting conservation projects in South America.



Given to Fly

Notes from the Editor's desk



Alexis Dames

Welcome to the 2023 CNS Partnership Conference Edition!

Once again, it is our pleasure to host this momentous event, which has become an industry referent for educational exchanges, networking and world-class golf. For this year's attendees, welcome to the beautiful grounds of the JW Marriott Miami Turnberry Resort & Spa. We hope you enjoy the conference!

This year, one of many topics to be discussed, is the attraction and retainment of talent. While the average person is increasingly aware of the critical nature of air cargo due to the pandemic, the intricate structure of the air cargo supply chain still eludes the masses.

Most people today are concerned with the length of security lines or the speed at which their eCommerce package is delivered, rather than marveling at the logistical ballet that is required to achieve on-time performance.

Counterproductively, the safe and efficient operation of aircraft for many decades has reduced flying to a commonplace, unremarkable experience for the public. However, I believe this perspective is "Given to Fly" and can be rehabilitated through increased outreach. While we may not always have the viral culture-shifting impact of the Fab Four playing on the Ed Sullivan Show in 1964, no one can resist the magic sound of a 747-8F at full takeoff power; on the flight deck or on the ground.

Especially considering that only 120 years ago, the Wright Brothers inaugurated the age of powered flight with a 12-horsepower Wright horizontal four-cylinder engine. Today, the 747's four GEnx engines produce 66,500 lbs of thrust, apiece! That's the instagrammable progress we have to convey!

There are numerous ways we can impart the importance of our industry to the next generation, but we must communicate with them through channels they use most frequently.

2023 CNS Partnership Conference Overview

Download the complete conference program on our website: <https://www.cnsc.net/en/events/cns-partnership-conference/>

We welcome your comments, opinions and suggestions. The digital edition of this publication is available online at www.cnsc.net

Many notable and informative events are scheduled to take place at this year's conference. Here is a sample of the program for each day.

Sunday June 4

- CNS Partnership Golf Classic
- Golfers Luncheon
- Evening cocktail reception

Monday June 5

- Welcome Address by President, Laura Pullins
- Opening Address by Brandon Fried from the Airforwarders Association
- Air Cargo Economic Outlook presented by IATA, a Security and Dangerous Goods panel featuring TSA and FAA, as well as panels on sustainability and digitalization prior to the lunch break

Afternoon

- Presentations at the Innovation Stage.
- CNS/IATA product presentations
- Digitization and Trade
- Women in Air Cargo presented by Cathay Cargo

Tuesday June 6

- Presentations will continue at the Innovation Stage
- Uncrewed Aircraft Systems Panel
- CNS Training and Education Presentation
- Ample opportunities for networking
- Magnificent Gala Dinner and dancing

This promises to be one of the best conferences to date. We hope to see you there!

Alexis Dames Vandenberg
Editor



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From the Top - Stephanie Abeler

Vice President, Americas Lufthansa Cargo



Stephanie Abeler

About Stephanie Abeler

Stephanie Abeler is Vice President for Lufthansa Cargo Americas and also sits on the board of CNS.

With more than 17 years of experience in the aviation industry, Stephanie has held operational and strategic management positions. Before moving to Chicago, Stephanie was responsible for an IT department of Lufthansa AG, serving Lufthansa, SWISS and Austrian Airlines.

Stephanie holds a master's degree in aviation management and has graduated from the international executive leadership development program of Lufthansa Group.

Focus: How did your career path lead you to the air cargo industry and your current role as VP Americas?

Abeler: It probably sounds unspectacular, to be honest, because it's not that I specifically worked to be in that position when I trained in 2005 with Lufthansa. Lufthansa offers

a three year educational Trainee program where you basically have an apprenticeship and go to university at the same time. I started with the Trainee program and afterwards worked at the airport in Frankfurt doing lean management optimizing different processes. I'm someone who always tries to have a learning curve and experience new things. Because of this, I'm looking for opportunities to broaden my perspective and stepping out of my comfort zone. I did lean for five and a half years before taking a role in the strategy department. I went from an operational perspective, to the exact opposite strategy, where again, I had process focus.

I was basically looking at the organization from the perspective of how to organizationally support processes instead of cutting them. During this time, I was part of a big project to reorganize the group's airlines.

Subsequently, I got the opportunity to lead the IT department. It was the best learning opportunity especially because I didn't have any IT background. I will not be the one to code for example, but through interaction with others, I was able to understand the complexity of developing and implementing IT systems and what it takes to build the bridge between business requirements and IT. And frankly, if you had asked me a year before, I probably would have said that you'd never find me in finance or IT. I learned if you say "never", you might find yourself there one day.

I always wanted to go abroad and be responsible for my own decisions. When working in a corporate department in a big company like Lufthansa, you have many people making decisions with you. In a way, you never know the consequences of your decisions. It was very intriguing being in a smaller company where you actually take responsibility and observe the results of your decisions.

In 2021, during the pandemic, I moved to Chicago to work for Lufthansa Cargo. It wasn't the obvious choice to take that position, because once again, I didn't have the background. But I am good at managing uncertainties, learning quickly, and focusing on my role as manager, by not trying to fix and steer the problems myself.

Those skills gave me the opportunity to become responsible for sales and handling for the Midwest at Lufthansa Cargo. You have to be willing to take opportunities when they come. My

► From the Top – Stephanie Abeler, Vice-President, Americas. Lufthansa Cargo.

boss went back to Germany and the opportunity arose to take over his position. That decision got me to where I am today.

Although I didn't have a background in cargo, I am enjoying this journey a lot. The cargo industry is very satisfying because it moves very quickly, and you see results very fast. Also, many people in this industry have been working together for a long time and it feels like a settled community. However, as a newcomer to this area of logistics and an experienced manager, I'm not afraid to ask questions, as simple as the answer may seem. Sometimes questioning the obvious can lead to insights that we can use to improve processes.

Focus: From your perspective, what specifically can be done to attract more female leadership to the cargo industry?

Abeler: If you look at the numbers in the US compared to Europe and Asia, the US cargo industry has more female leaders coming into new positions. I for example, have an almost 50/50 split in my direct team. I'm not sure what would attract more women and in my opinion, it's not only a female issue but cargo in general. The entire industry has a generation problem. It may not be as attractive to new students anymore.

Reflecting on my position and those of my counterparts on the forwarding and the airline side, I can say we travel often and you must have the right backing on the private level. That applies to female and male. If you don't have the right support system, these trips are very hard. I'm generally on the road every week, flying out on Mondays and returning on Thursdays. If you don't have a good support system, female or male, this would be difficult to accomplish. Throughout history, men have had a support system, females maybe not as much.

Focus: How can the air cargo industry create a culture of inclusivity?

Abeler: At Lufthansa Cargo, we are always looking to attract new talent. We welcome everyone who shares this spirit to contribute to enabling global businesses with what we do on the ground and in the air through our world-wide network.

In cooperation with the LH Group Americas we hired a DEI manager for the Americas Market. This topic is highly relevant, especially if we want to attract new talent and foster different opinions.

We are now entering the second generation of our new Take Off Program based in the US. This way we give graduates the opportunity to get to know the airline business and work on different projects within different business units of Lufthansa Group.

A few words from Lufthansa Cargo HQ: What we at LCAG are proud of: Our apprenticeships. This year marks the big milestone of offering apprenticeships for 25 years at LCAG. It's remarkable to see how many former apprentices have chosen to stay with LCAG (as their company for life in some cases) and further advanced to expert, manager and leadership positions.

With LCAG's participation in the LH-Group-wide "Green-mobility Trainee program", LCAG attracts young talents with high sensitivity and ambition for sustainability. They may help shaping the corporate culture and integrating sustainability in everyday' activities and everybody's mindset.

Besides that, we have launched a 12-month Cargo Management Program for employees from the Sales & Handling areas, in cooperation with Kühne Logistics University. Their program offers learning new skills to tackle current and future challenges.

Focus: Working in a time-sensitive business, do you foresee challenges to attract more talent at every level?

Abeler: Cargo business logistics is very, very fast paced. You must be alert the entire time and be willing to work in this type of environment. There are many people who enjoy it. But because this pace constantly puts pressure on you, they're probably just as many people who might not enjoy it and would rather have a nine to five job, which is uncommon in this industry. There are many rewarding things that come with it and you see results fairly quickly from the decisions you make.

The industry should advertise more to attract students when they are deciding their future. Honestly, I think the pandemic helped us because this topic of supply chain and supply chain management was brought into focus and more people became aware of what supply chain management actually means.

We have become more visible, possibly attracting more people. With regard to job openings in logistics, there is approximately a 25% growth. That's a tremendous growth in new jobs but I don't think there are many people or students prepared for those jobs yet. So, there's a lot of work to be done in the early stages to attract more workers. There is also competition with other cargo jobs because forwarders usually pay more than airlines, - however, airline operations and equipment are more attractive - but, there's a difference in salary for sure. There are also places where Lufthansa is not as well known. We not only work with regard to the industry, but also with regard to our branding and being known to potential employees, who we are and what we offer.



Render of a Lufthansa Cargo B777F and the new B777-8F that is expected to arrive in 2027. Photo Lufthansa Cargo.

Focus: What are some of the most rewarding aspects of working at Lufthansa Cargo or air cargo in general?

Abeler: It's awesome to work for Lufthansa. Lufthansa as a Group offers a lot of variety. As for Lufthansa Cargo, I appreciate the direct and open communication. In freight forwarding, the customers and providers are straightforward. I really enjoy that. And what is very rewarding is that since the industry is fast paced, you are quickly able to satisfy a customer and are able to solve an issue or a problem. When changes are made, you see results right away. Culture definitely plays a big role.

Focus: What changes do you hope to see for this industry in the future?

Abeler: This is not a change we will see in the next year, but coming from a passenger airline and comparing a passenger airline with cargo, I see so much potential with regard to technology and digitalization. There are a lot of opportunities and changes we can make, not only to be more efficient, but to be able to move faster and avoid mistakes. A common example is data that has to be typed in many times following the exact same process over and over again. Just looking at digitalization and artificial intelligence, I think this industry has many opportunities for improvement. That is rewarding because you can actually shape the industry. It doesn't feel like you are on a playground where everything is already set up.

Focus: Gaining and Maintaining Momentum is the theme of our upcoming conference. How has Lufthansa Cargo gained momentum post pandemic and what strategies does it currently implement to maintain that momentum?

Abeler: When the pandemic hit, the entire industry was deeply affected. Then the numbers suddenly went through the roof. The same is happening right now in the other direction. I think we have learned the benefit of loyalty and that we must find solutions with our partners. That requires good relationships. I am investing a lot in maintaining these relationships, building up the relationships and finding solutions. You can steer a lot with price, but it shouldn't just be about the price. It might look totally different when we look at Asia, but out of the US it's very much price driven. We have a great product to offer with quality, something we should maintain, work on and sell.

To gain momentum at Lufthansa Cargo we focus on growth in terms of fleet and network, infrastructure investments and quality. Moving forward, we will continue to reduce our CO2 footprint, while continuing with our strategy and setting priorities with the help of OKRs / MOALs.

Focus: From your perspective, what were some of the lessons learned by Lufthansa Cargo during the pandemic?

Abeler: From my perspective, the pandemic really showed how important it is for us to be flexible, and be able to react to

► From the Top – Stephanie Abeler, Vice-President, Americas. Lufthansa Cargo.

market changes. I think that was definitely one of the biggest lessons learned. As a big company, and as a German company, we are very process driven. During the pandemic, we had to become faster and more flexible. What is key now, is to continue that flexibility, because when numbers in the market went down, we did not adjust as quickly as we should have in some areas.

With regard to relationships, we learned it's very important to quickly understand what is needed by local customers and stakeholders, communicate with them and then, we react as a team focused on the market, since it's always different for one market than for markets in Europe and other regions.

We work closely between sales and revenue teams, to give faster responses to the market.

Focus: Do the new A321 freighters play into that flexibility? Is that one of the new strategies?

Abeler: I wouldn't call it part of the flexibility strategy but a flexibility supporter. The A321 freighters extend our product offer, and reaction to the market. There are benefits to flying a freighter for certain commodities or products, giving us certain flexibility. This opens up new markets with regards to the network that we can offer.

Focus: Lufthansa Cargo's freighter fleet consists of Boeing 777Fs and now A321 freighters. How do these aircraft benefit customers along your network? / How many aircraft does Lufthansa Cargo currently have on order? How will new freighters help Lufthansa Cargo meet growing demand for air cargo services?

Abeler: In May 2022, Lufthansa Cargo ordered three Boeing 777Fs and seven new-generation Boeing 777-8Fs to add further capacity to the fleet in the short and long term. Last year, we already welcomed one new B777F aircraft in summer, enlarging our Boeing fleet to 16 aircraft in total. Furthermore, Lufthansa Cargo has introduced the two Airbus A321 freighters in 2022 to serve customers on short -and medium- haul routes. Two additional A321F aircraft are expected to join the fleet in the second half of this year.

Benefits of the B777F: The B777F is a well-established aircraft type for cargo transport and Lufthansa Cargo operates the most modern and efficient freighters in their class. The investments in the next freighter generation, the Boeing 777-8F, will significantly reduce CO2 emissions. Lufthansa Cargo thus is taking another important step on its way to CO2-neutral airfreight.

Benefits of the A321F: As a twin-engine, technically advanced

narrow-body aircraft, the Airbus A321 freighter is very powerful and at the same time fuel-efficient. A total of 28 tons of payload is available on 14 pallet and container positions on the main deck and ten on the lower deck.

Focus: How much belly cargo do Lufthansa, Austrian Airlines, Brussels Airlines and Eurowings Discover transport for Lufthansa Cargo every year?

Abeler: In the 2023 summer flight schedule, cargo will be regularly transported on more than 7,000 flights a week operated by Lufthansa, Austrian Airlines, Brussels Airlines, Eurowings Discover and SunExpress.

Out of the Americas we transported more than 90 million tonnes on passenger flights, only.

Focus: What are the benefits of the eCommerce platform heyworld for Lufthansa Cargo's customers?

Abeler: Since 2019, heyworld GmbH is a wholly owned subsidiary of Lufthansa Cargo based in Frankfurt am Main and employs 45 people. Cooperating with Lufthansa Cargo, heyworld has created an eCommerce hub at Frankfurt Airport and started operation of its own parcel sorter in October 2022.

With end-to-end shipment tracking and a parcel-based pricing, heyworld simplifies and digitalizes cross-border eCommerce logistics. To do this, heyworld coordinates all providers along the supply chain and offers a high-quality, one-stop-shop solution that is faster than mail and more price efficient than express services.

To achieve this level of service, heyworld relies on transport solutions in Lufthansa Cargo's medium and long-haul network for online retailers, digital marketplaces and freight forwarders. The transport offer for online retailers is based on a modular product and in particular on fast and reliable connections with short transit times for transport as well as customs clearance.

The share of eCommerce freight is difficult to measure, partly because eCommerce is also included in airmail figures, forwarders, and more. Currently, it accounts for about 10% of freight but it is a segment with the strongest growth.

Focus: Which routes are experiencing the highest demand for air cargo transport?

Abeler: Basically, capacity to and from China and North Asia is still in good demand. Mexico is also doing very well. North America is noticing a significant increase in belly capacity, and a drop in demand at the same time.



› From the Top – Stephanie Abeler, Vice-President, Americas. Lufthansa Cargo.

Focus: What load factors has Lufthansa Cargo experienced post-pandemic?

Abeler: This year we have set ourselves an overall target of 65% LCAG. That is a weight loading factor. There's still more we can do, and we want to achieve more. But that is a reasonable figure for 2023.

Focus: Have you established any partnerships with trucking companies / road feeders?

Abeler: Yes. We work with several trucking companies in the Americas to extend the network. We also have the joint venture with United that helps us extend the network. In South America, we have interline agreements so there are several options on how to extend the network and offer a better product to the customers.

Focus: What are some of the main sustainability challenges that Lufthansa Cargo is focused on resolving?

Abeler: For Lufthansa Cargo it is important to set measurable targets, to turn every stone, as every action counts, and to collaborate along the supply Chain.

The Lufthansa Cargo carbon footprint results mainly from flight related CO₂-emissions. Our goals are to reduce this carbon footprint in 2030 by 50% based on 2019 and to be CO₂ neutral until 2050. Additionally, we joined the SBTi initiative (2021), to support the target of the Paris Agreement. The decarbonization path is checked scientifically by SBTi.

We also defined four action fields to reach these targets.

- Fleet modernization
- Fuel efficiency measures
- SAF
- CO₂ Compensation

Here we follow a clear strategy. The first three measures are insetting measures – measures in our supply chain. Compensation is an offsetting measure that takes place outside of our supply chain. Additionally, when it comes to SAF and compensation, we also rely on our partners and customers to be on the same side to support us jointly. The service offers "Sustainable Choice" which enables customers to transport their freight in a CO₂-neutral manner. We appreciate it whenever our customers join us in this mission.

Focus: Please elaborate on the use of AeroSHARK technology to improve sustainability:

Abeler: AeroSHARK is a surface film that mimics the microscopic structure of shark skin. Its structure consists of ribs around 50 micrometers in size, called riblets. If the flow pattern on the fuselage and engine nacelles of the Boeing 777F is optimized in this way, significant savings in fuel and thus emissions can be achieved. This modification, developed by Lufthansa Technik and BASF, will now gradually be used on Lufthansa Cargo's entire fleet of 777 freighters, making them more fuel-efficient and reducing emissions.

For the modified Boeing 777F, Lufthansa Technik expects fuel savings of slightly more than one percent. Extrapolated to Lufthansa Cargo's entire 777 fleet, this will result in annual savings of more than 4,000 metric tons of kerosene and nearly 13,000 metric tons of CO₂ emissions, equivalent to about 53 individual cargo flights from Frankfurt to Shanghai.

Focus: How is Lufthansa Cargo investing in sustainability?

Abeler: As an airline, nearly 99% of our carbon footprint is caused by flying and there lies our greatest CO₂-saving potential, in the air. Our ground activities account for about 1% of our CO₂ emissions. We are working hard to achieve CO₂-neutrality in all our ground processes by 2030. In addition, we are constantly looking for new ways to avoid waste and plastic.

Our climate action is mainly focused on these areas:

Fleet modernization, fuel efficiency (AeroSHARK, lightweight containers and Flight Optimization), Sustainable Aviation Fuel (SAF), Offsetting and Ground Processes.

A CO₂ calculator is available in our booking system, with calculations based on the previous year's average annual kerosene consumption using actual load factors and flight routes.

As we further discuss sustainability, topics like improving digitalization in warehouses and others frequently arise. But there are so many other areas of improvement and related topics to work on. For example, we just held a Sustainability Fair for our employees a few weeks ago, where we provided information about SAF. We are also exploring the placement of solar panels on the roof of facilities here in the Americas. On the more personal side, using reusable bottles, car sharing, or carpooling to work makes people more aware and puts a focus on the entire topic of sustainability. Also, I think it's not only about environmental sustainability, but also about sustainability in general. When we have processes that are sustainable, even though we can continuously improve them, it only works if that process has some stability.

› From the Top – Stephanie Abeler, Vice-President, Americas. Lufthansa Cargo.

Focus: As you mentioned, there are many areas of improvement and topics to work on regarding sustainability. That might attract newcomers to the industry, right?

Abeler: Yes. There's something for everyone. It doesn't necessarily need to be specific to logistics. I think logistics has to offer many different fields so you can find your passion. We have to get that across, get out the message that logistics is not just moving boxes, there's so much more to it. I said earlier, that it's important for us to be available to colleges and job fairs. This is something we try to improve at Lufthansa.

Last year, the Lufthansa Group implemented a trainee program called Takeoff, which is tailored to graduates. They start with Lufthansa Group and are able to take projects into different Lufthansa Group companies. For example, if someone is a trainee in my department, they can continue to work on a project that is more passenger related or Lufthansa Technik related, giving them exposure to the entire Lufthansa Group. After a year when the program is over, they can apply as an internal candidate for positions. The next generation is actually just starting now.

With Laura Pullins at the last CNS board, we spoke about what we as an industry can do to be more present, and more attractive to newcomers or people that might not have been in touch with the industry before. I believe it's important that we exchange the programs that each company is already doing. Forwarders have programs and so do Airlines. Everyone does something, and I think we need to connect better and learn from each other.

In the end, we all look for the same people. That's why there's always a little hesitation. But as an industry wanting to attract talent, we have to work together. We only gain exposure if we act together as an industry. The same applies for other companies. When you mention cargo, people tend to think in pushing boxes or moving pallets. Cargo is more than that. We should show the next generation the rich experiences and dynamics that cargo can offer.

About Lufthansa Cargo AG

With a turnover of 4.6 billion euros and a transport performance of 7.2 billion freight ton kilometers in 2022, Lufthansa Cargo is one of the world's leading companies in the transport of air-freight. The company currently employs around 4,100 people worldwide. Lufthansa Cargo's focus is on the airport-to-airport business. The route network covers around 300 destinations in more than 100 countries, using both freighter aircraft and cargo capacity from passenger aircraft operated by Lufthansa, Austrian Airlines, Brussels Airlines, Eurowings Discover and

SunExpress, as well as trucks. The majority of the cargo business is handled via Frankfurt Airport. Lufthansa Cargo is pursuing the goal of becoming the world's most sustainable cargo airline. To achieve this, the company relies on state-of-the-art technologies and continuous investments in the area of sustainability. In 2022, important milestones were reached, such as the investment in the continuous expansion of the B777F fleet, the expansion of the short -and medium- haul network with A321 freighters, and the continuation of the Sustainable Aviation Fuel program.

In 2023, Lufthansa Cargo plans to successively equip its B777F fleet with Sharkskin technology, implement further digital services and contribute to reducing CO2 emissions through sustainable logistics solutions. Lufthansa Cargo is a wholly owned subsidiary of Deutsche Lufthansa AG and the specialist for the logistics business of the Lufthansa Group.



NOTE: For additional information, please visit: www.lufthansa-cargo.com



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From the Top - Matthew Saks

Vice President Marketing Airbus Americas

by Alexis Dames



Matthew Saks

About Matthew Saks

Matthew Saks is Vice President of Marketing at Airbus Americas, Inc. In this role since 2019, he is responsible for leading Airbus' airline marketing efforts across the North American region.

Matthew joined Airbus in 2005 and spent 11 years working at the company's Toulouse, France headquarters in a variety of roles including Internal Audit, Sales Control and Customer Finance, where he was responsible for customer financing activities for Africa, the Middle East and parts of the Indian subcontinent. In 2016, Matthew moved to Airbus Americas as a sales director, spending three years managing key Airbus accounts in the US.

Matthew began his career in London, qualifying as a chartered accountant and working as a commercial auditor. Prior to joining Airbus, he was Head of Financial Accounting at De Beers Diamond Jewelers in London.

Matthew holds a Bachelor of Arts degree in Accounting & Finance from Exeter University in the UK and an Executive Masters in Business Administration from Quantic School of Business and Technology. He is a passionate cook, an avid rugby fan and enjoys cycling and squash.

Focus: From a manufacturer's perspective, what are some of the biggest challenges and opportunities presently facing the aviation industry?

Saks: The primary challenge we face today is sustainability, which involves a commitment to help the industry reduce carbon emissions to become net-zero by 2050. Airbus is taking a leading role in defining the path forward to meet that challenge. Digitalization is also critical for us since it offers a tremendous opportunity to improve the way we design, manufacture and deliver our products and services. Through approaches like Digital Design, Manufacturing and Services (DDMS), we will reduce the time and cost required to complete these tasks. The supply chain is another area of focus for us since all industries have been impacted by supply chain challenges. Working closely with our supply chain will help us meet our mutual customers' demands. Finally, attracting and retaining the right talent is critical to meeting these challenges and opportunities.

Focus: What aspects could the industry as a whole improve to better attract and retain top talent?

Saks: Our purpose at Airbus is to pioneer sustainable aerospace for a safe and united world. That's something that drives what we do. It's an essential message that must reach the talent that is out there, especially the young talent, as we look to bring new people into this industry.

We have been on a significant recruitment drive over the past two years. Last year, we welcomed around 13,000 new employees. In 2023, we expect to have a similar number of employees coming into the company. Of those new employees, 20% are going to be focused on preparing for the future, working on things like digitalization, decarbonization, cybersecurity, and new products that we're trying to bring to market.

We must ensure that we're bringing in the right kinds of talent. Young graduates today are looking to have a purpose or mission led career. If I take you back to what I was saying about Airbus's purpose, to pioneer sustainable aerospace for a safe and united world, it speaks to our mission and the purpose we're trying to achieve.

More importantly, we must diversify our overall talent pool. Traditionally, aerospace manufacturing has been an industry led by male engineers. We consider it of vital importance that we boost overall diversity, bringing in more racial and gender diversity. This point is especially important if we're going to achieve our purpose.

During the previous CNS Partnership Conference, I addressed attendees about the need to remind people about what we do. Personally, when I look at our industry, I'm still fascinated by it. But, if you think about aviation and flying an aircraft today, it has become very commoditized. In my grandparents' time, passengers would have dressed up in their Sunday best to get on an aircraft. Today, my kids fly in their pajamas. The fact that it has become commoditized means that the younger generation doesn't necessarily understand how cool this industry actually is.

I keep reminding people that we need to re-own our cool, because what we do is the stuff of science fiction. We're making machines to fly people, commerce, trade, aspirations and emotions around the world. We send satellites into space and are working to create flying taxis.

Also, letting them know we need people like them, with their kinds of talents, to come on board and help us make our organization much more successful in achieving a future with sustainable aerospace for a safe and united world going forward.

This year, about a third of our hiring efforts are going to be focused on young graduates. So hopefully, we'll be able to get the message out there.

Focus: What global cargo capacity does Airbus forecast for the coming years?

Saks: We are constantly assessing what the future looks like. Every year, we publish on our website an annual forecast known as the global market forecast, or GMF, which provides in-depth analysis and provides relevant information. This report is open to the public.

As we stand today, we expect there will be a significant increase in world air cargo freight over the next 20 years, from approximately 215 billion FTK (Freight Tonne Kilometer) in 2019, to 430 billion by 2041. This represents an increase of about 3.2% compounded annual growth rate (CAGR) during

that period. We also expect express cargo to grow at a faster CAGR of 4.9%, driven by the likes of Amazon and other similar carriers, and will represent 25% of FTK by 2014. But general cargo is expected to take the lion's share, with 75% of total FTK in 2041.

For Airbus, it means there will be a requirement for aircraft to fill that space. In the large aircraft market which includes the A350, B777-300, and other large aircraft, we think there's going to be a need for about 560 aircraft over the next 20 years. About 110 of those are likely to be conversions, but the rest will be new-builds.

That is where an airplane like the A350 freighter (A350F) is going to play an important and impactful role.

We're building an aircraft that is going to be the only new-build freighter aircraft offered. It's born out of the passenger version of the A350, an incredibly successful and reliable platform which had the most reliable entry into service of any large, wide-body aircraft. It will have a significant impact in terms of sustainability as it is truly next generation, flying with a high level of composite materials, which positively affects the ability to move cargo around more efficiently and with a much lower fuel burn than the current generation of aircraft.

When you have a freighter born out of that DNA, it makes us incredibly confident that this will be a successful entry into service. We're very excited about the aircraft coming online, which is planned for 2026. As of today, we have 35 standing orders.

Focus: How is Airbus factoring in sustainability in the design of its current aircraft and prototypes?

Saks: There are many factors that go into the design of the aircraft both from a sustainability perspective, and a customer requirements perspective. I would really like to emphasize that we've really listened to our customers when it comes to the A350F. We've had more than 100 customer sessions and events to capture requirements, and understand what they need from an aircraft of the future. We incorporated a significant amount of that information into the design of the A350F. For example, the main cargo door in this freighter is going to be the largest in the industry. This is important because it allows express or general cargo customers to carry whatever is required, without restrictions.

Customers will be able to fit current large engines onto the aircraft, like the Trent XWB or GE9X engines. But we've also considered the transport of larger engines in the future which could have bigger fan sizes. We've also taken into account the flight deck, making sure that the pilots are operating in



Airbus A350F in Airbus Livery. Photo ©Airbus SAS 2022.

the most comfortable environment. An example of this is ensuring that they only have fresh air going into the cockpit. This is important, for example, if the airline is transporting livestock so the pilots are not exposed to any of the associated odors. We want to ensure pilots are working in a comfortable, 21st century office environment. We've really looked across the whole aircraft and incorporated customers' requirements.

When it comes to sustainability, specifically addressing the A350F, the airplane is coming out of the modern A350 passenger platform. In comparison to current generation freighters of a similar size, the A350F will have between 20% and 40% fuel burn improvement, which translates into significant emissions reduction.

It's also important that sustainability is viewed with a broader focus than just the aircraft itself, its design or the environment in which it operates. For example, we have facilities where we recycle aircraft at the end of their useful life and reuse or recycle up to 90% of the aircraft.

It's vitally important when we design our aircraft going forward into the future, to ensure that we're thinking about not only how aircraft fly and what kind of impact they have when they're in operation, but what kind of impact they have when they are eventually decommissioned. That is one way we can make our operation and our products as sustainable as possible.

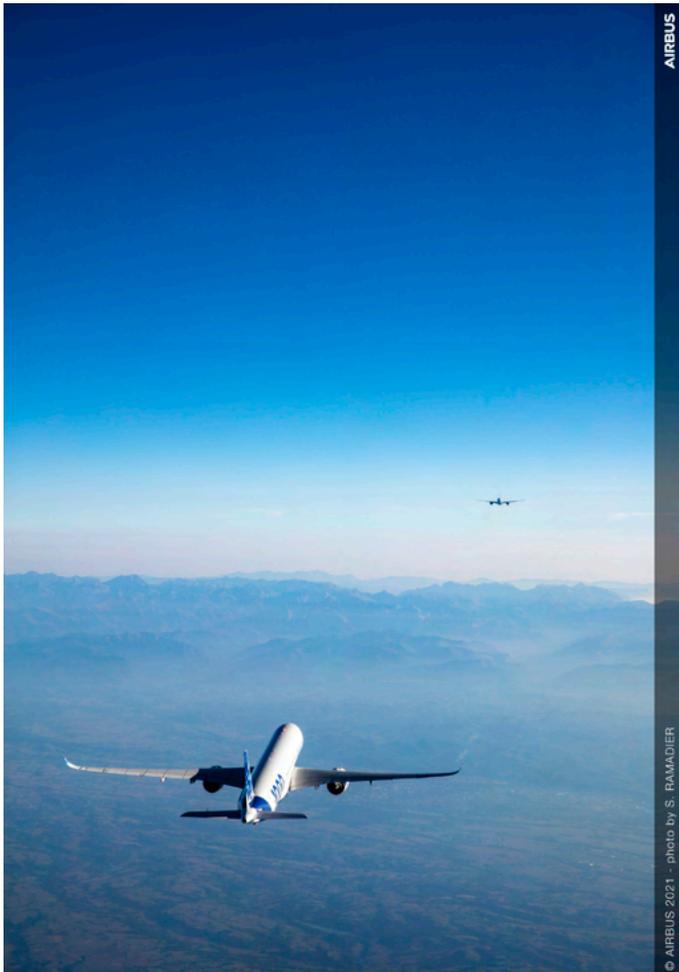
It's important to remember that roughly only 25% of the world's fleet today is composed of new generation aircraft.

Moving from an older model to a NEO, there's approximately 20% fuel burn improvement, which means increased efficiency and less emissions. If you moved the world fleet to new generation aircraft, there would be a significant reduction in emissions. It's important that the industry continues to replace older aircraft with newer technology. Of course, it has to make sense for the operators, but we believe that the value proposition is there. We're also looking at how we can make the operation of the aircraft more efficient.

Airbus is pioneering services for smarter air traffic management solutions. One of these services is DPO, or descent profile optimization, which is improving the way aircraft operate in and out of airports. Also single engine taxiing capacity reduces the amount of emissions and fuel burn because you're only using one engine for taxi. Those are services that we've developed, and currently offer to the market.

In addition to these, we're looking at future projects, like the Airbus fello'fly project which is looking at aircraft flying in formation taking inspiration from nature, migrating geese to be exact. Last year, we flew two A350s in formation across the Atlantic to Montreal. More than 6 tons of CO2 emissions were saved on the trip, confirming the potential for more than a 5% fuel saving on long-haul flights. Finally, SAF or Sustainable Aviation Fuel. Currently our aircraft are certified to fly with up to 50% SAF. By 2030, the intention is that they'll be

100% SAF certified, which will have a big impact by reducing lifecycle emissions by up to 80%. That's going to be an important part of the industry's efforts to achieve net zero carbon emissions by 2050.



Airbus fello'fly Transatlantic Flight Test. The first long-haul demonstration of formation flight in general air traffic (GAT) regulated transatlantic airspace with two A350 aircraft flying three kilometers apart. Photo © Airbus - Sylvain Ramadier.

Focus: How do you see technology changing the aerospace industry in the near future?

Saks: We are developing the CityAirbus NextGen, an advanced air mobility which is clearly going to be part of the future landscape of the world that we exist in. Airbus, as a provider of aviation solutions, is clearly working in that space as well. We believe in creating a viable and valuable Air Mobility service that brings benefits to society and takes into account different parameters that will be necessary for that to be successful.

Focus: What promising civilian-use technologies is Airbus working on?

Saks: Airbus spends on average more than 2 billion euros a

year on R&D with the intention of ensuring that we continue to keep our current product offerings as efficient as possible, as well as continuing our proud history of iterating products and making them more efficient year over year.

The current aircraft that we offer have improved over time. But we also extensively research the development of future technologies like ZEROe, and the CityAirbus NextGen.

The focus is not only on bringing a new product to market, but understanding what works around the product and making the environment more efficient. For example, improving robotization in the industrial system is not just limited to the next platform, it's also relevant to the current support ecosystem.

When I joined Airbus in 2005, one of the first things the company did was take new recruits on a tour of the final assembly lines in Toulouse. The first assembly line, which produced a now retired airliner, was very hectic and noisy. As the tour went through the different final assembly lines, we reached the A330 line and eventually, the A380 final assembly line. Whereas the first legacy lines were noisy, the A380 final assembly line was whisper quiet, laser guided and pristine. It really brought home to me how important not just the aircraft is in this instance, but also how you build the aircraft and how much thought goes into that.

As we think about new technologies like eVTOL, we must necessarily consider the space it will operate in and how it will interact with relevant stakeholders. It's about thinking broadly as opposed to a siloed fashion. At Airbus, we work with all relevant partners when we think about any kind of product that could be brought to market to make sure that it's as successful as possible.

Focus: Which ESG metrics does Airbus measure consistently?

Saks: We are defining our sustainability objectives and working with industry stakeholders to make sure that we have the right kind of objectives. To validate our reporting, we've chosen to report against the Global Reporting Initiative standards, which are widely used internationally and recognized. The intent is to also answer the needs of stakeholder groups as well, ensuring that we're transparent, providing adequate visibility to what we're trying to do, and how we're doing it.

Focus: How does Airbus focus on building a quality culture?

Saks: It always has to start with our purpose, pioneering sustainable aviation for a safe and united world. First and foremost, making sure that we all understand that our purpose is well understood, and that we're all working towards this



common goal. We have various different initiatives that speak to this effort. Sustainability plays a large part, but it's not only about the environment. It's also about making sure that we are a diverse organization, reflecting the communities that we operate in, and the customers that we serve.

You can have a purpose, and can communicate a purpose, but you actually have to live the purpose as well to make things work. At Airbus, we try to do that on a daily basis, across those different elements that I mentioned previously. A good example is that we were the first OEM to publish our Scope 3 emissions. We believe that if we are going to improve our impact on the environment, we have to be transparent about what our impact on the environment is.

First and foremost, being transparent allows us to demonstrate that we recognize and acknowledge the impact, and then set the right kinds of targets to meet them. For example, by 2035 we seek to reduce our Scope 3 emissions by 46%. To do this we defined a plan and submitted it to SBTi which was approved earlier this year. So, coming back to what I mentioned, how do you build a great culture? You have to clearly define your purpose, then you've got to live your purpose with transparency.

Everyone that works for Airbus is proud of the work that we do. I'm certainly proud of the work we do. I love belonging to an organization that is the stuff of science fiction. Having broader purpose speaks to me, and speaks to the younger generation coming in. This defines our culture very well.

Focus: What new pathways for CO2 reduction is Airbus currently exploring?

Saks: Much like Scope 3, we have clear targets for Scope 1 and 2. We intend to reduce industrial emissions by 63% for Scope 1 and 2 by 2030. It goes back to making sure that we're transparent with our stakeholders, employees, society, regulators, and customers.

It's important not to forget that sometimes small iterations actually add up to big improvements. Just thinking about the last 60 years, we've reduced our fuel burn and CO2 emissions per seat-kilometer by over 80%. NOx has come down by 90%, noise by 75%. CO2 has been reduced by 53%, just since 1990. Many times people say, "show me the next big thing", which is important. But equally important, is the constant drive to improve sustainability by being more efficient, consuming less fuel, and decreasing emissions.

There are various pathways to reduce emissions and CO2. First and foremost, old generation aircraft represent 75% of what's flying today. New freighters like the A350 will prove to

be a big improvement in emissions. However, replacing old aircraft with more efficient P2F aircraft is also going to have an impact. Replacing old generation aircraft with current generation of aircraft like the NEOs and A350s, is going to have a huge step change impact. Replacing a B747-400 with a new A350F provides up to a 40% improvement in fuel burn, reduced emissions, and all other related benefits. That's huge.

It's important that we operate our aircraft efficiently. Also, offering services to the market that allows airlines to fly smarter around airports, have aircraft taxi using less fuel and establishing power and engine requirements in order to reduce fuel burn. All these factors are very important. There are many different paths that we have to go down simultaneously in order to get to where we want to be as an industry.

Focus: What are the top priorities for Airbus in the next 5 years?

Saks: In the context of our discussion and in the context of CNS and what your readers are interested in, I think that it's a clear priority that we bring the A350F to market in line with our ambitions. I have every confidence that we will bring the aircraft to market, meeting our customers' requirements and ultimately, being as successful as its sister passenger aircraft.

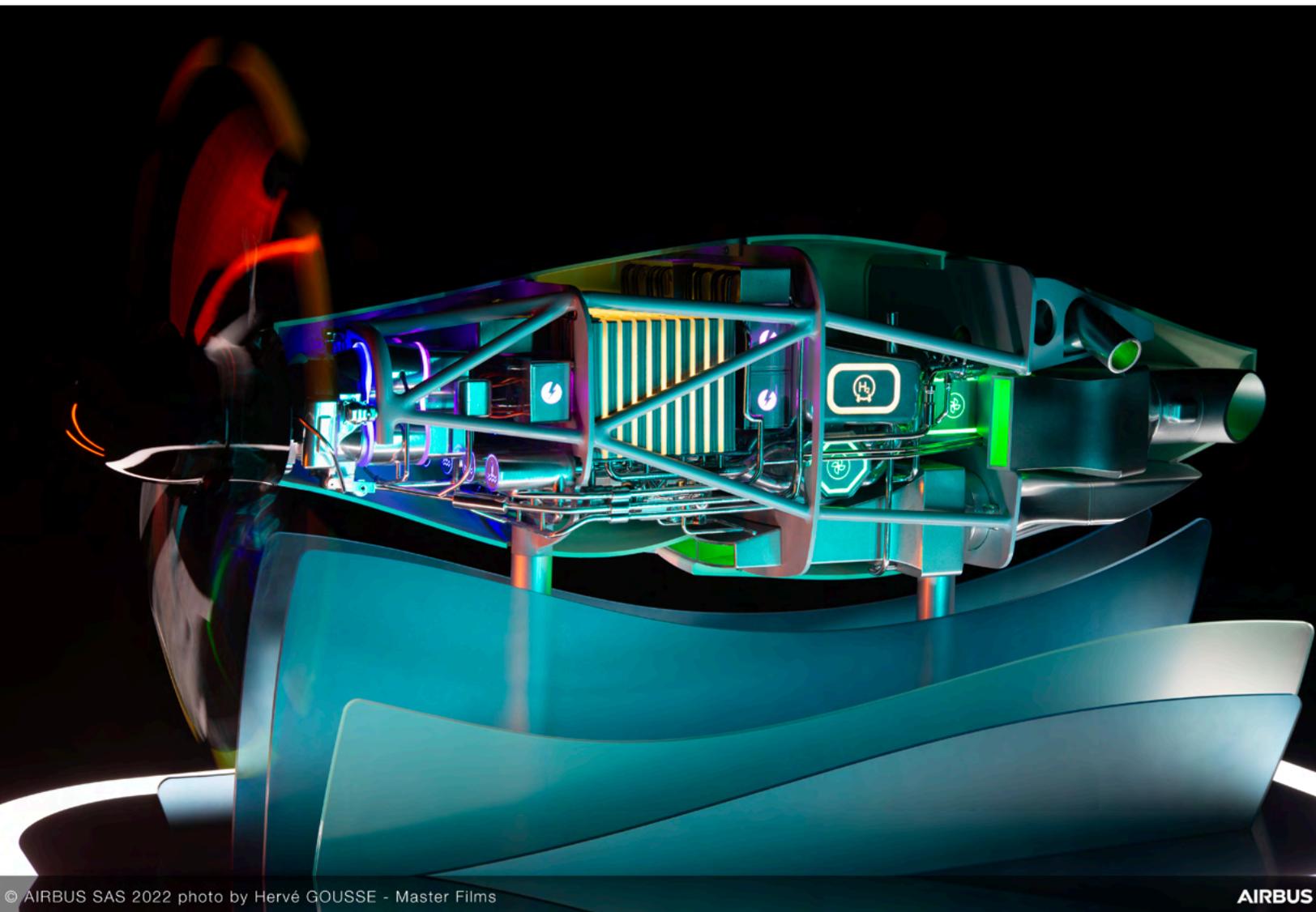
Making sure that we're bringing in the right kind of talent is also a clear focus as we continue to push and drive Airbus forward to meet our goals.

Focus: What advice do you have for the next generation to join the industry?

Saks: I think it's important for people to realize that by joining this industry they will be part of something that is truly special. There aren't many organizations or industries in the world that have the kind of impact on people that our industry does. We don't only fly trade across the world --we also transport dreams, emotions, families and happiness.

Ultimately, we provide the kinds of connections that transcend the product that we're offering. We really help to facilitate a huge part of what makes this world turn, and that's really special. Also, you'll be part of an industry that is the subject of science fiction, shaping what the future of logistics looks like.

Our industry plays a vital role in space exploration, the future of urban air mobility and much more. Being able to influence that is really exciting. I would say to the younger generation coming in today, lean into it, try and get as much diverse and broad experience as you can.



"I think it's important that people realize that coming into this industry they will be part of something that is truly special. There aren't many organizations or industries in the world that have the kind of impact on people that our industry does."

Matthew Saks

Opposite page: (Top) ZEROe Concept Aircraft Formation Flight. Photo Credit: @Airbus SAS 2023. (Bottom) ZEROe Fuel Cell Engine Model - Reveal. Photo Credit: ©Airbus SAS 2022 Hervé Goussé - Master Films.

There's a wide world out there. And the more perspective you can accumulate, the more useful you'll be to the organizations you work with, the people that you love and the kind of future that you hope to build.

This industry is the place to be to play a large role in the way society works and the objectives we collectively aspire to achieve.

About Airbus

Airbus is a global pioneer in the aerospace industry, operating in the commercial aircraft, helicopters, defense and space sectors.

Airbus is a leader in designing, manufacturing and delivering aerospace products, services and solutions to customers on a worldwide scale. With around 130,000 employees and as the largest aeronautics and space company in Europe and a worldwide leader, Airbus is at the forefront of the aviation industry.



NOTE: For additional information, please visit: www.us.airbus.com/en

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Women in Air Cargo - Jessie Orme

Cargo Global Partnerships Manager, The Americas Cathay Cargo

by Alexis Dames



Jessie Orme

About Jessie Orme

Jessie Orme is Cargo Global Partnerships Manager at Cathay Cargo. She began her cargo career in 2007 at Heavyweight Air Express, where she spent eight years. She joined Cathay Cargo as Account Manager, Cargo Sales, in 2016 in Houston, and then transferred to the airline's Chicago team following a brief stint with Qantas Cargo. Orme resides in Chicago with her husband, daughter and fur son.

Focus: Please provide us with an overview of your career in the air cargo industry. What are some of the milestones on your career journey and when did you assume your current role?

Orme: I entered the industry when I was 21 years old, starting in the accounting department of a global GSA. I received my first promotion after three months, and my second promotion about a year later, when I moved into inside sales. At 23, I took the opportunity to relocate from Chicago to Houston, to be the HAE operations manager in their newly opened branch. Working at HAE was fun and fast-paced; I appreciated the learning opportunities and people I met while I was there. In 2015, I felt prepared for my next challenge, and aspired to work for Cathay Pacific, a company renowned for excellent service.

I started my career at Cathay Pacific Cargo in January of 2016 as Account Manager in Houston. I relocated back to Chicago in 2017, and became Account Manager for Cathay Cargo at the end of that year. My role in our Global Partnerships team started in January of 2022. Working at Cathay Cargo has been a steady, educational ride.

Focus: What are the most rewarding and challenging aspects of working in your current role as Global Account Manager?

Orme: The most rewarding part of my job is to completely support my global account partners to the point where I understand their values and what drives their decision-making. The most challenging aspect for me, growing into this new position, has been to learn how to present information to different people who vary drastically in their management styles and professional characters. I have been pleasantly surprised at how kind-hearted and welcoming so many have been.

Focus: In your opinion, what are some of the ways in which the air cargo industry has become more inclusive? What are some of the ways in which they can improve inclusivity?

Orme: 2022 was my first year attending CNS. One of the opening speeches was by Marie Owens Thomsen. She took a moment to thank the male leaders in the room for hiring women and promoting them into management, and talked about the industry goal of having 25% women in leadership by 2025. I was one of the minority women in the room. I say minority, as for every round table of 10 or so, there were maybe one or two women, and most of the tables had no women at all. I loved that she mentioned it, and believed her openness is what we need in order to progress. All of us should be aware,

conscious, and talking about inequality. We can do more with goal setting and helping others by providing guidelines on how to achieve results. We can also improve inclusivity by broadening our networking activities and by offering entertainment that is appealing to all genders.

Focus: What factors can air cargo companies improve to attract and retain more women in the workforce?

Orme: Offering generous parental leave and comfortable rooms for nursing mothers would be a top consideration for women making a career decision. Many women come to a point where they have to choose if they will send their children to daycare or quit their jobs to be the full time caregiver. If they have to make this decision whilst still recovering from childbirth, it can be a very emotional one. If companies would allow a longer maternity leave period, then mothers may feel more comfortable and confident staying in the workforce. Parents are also getting older, as many are prioritizing their career and establishing that foundation before deciding on parenthood. To come up as a supervisor or manager and then have to leave the field for a few years, potentially at a pivotal point in their career, is a setback for a professional and limits the trajectory of women in leadership. Flexible work hours is another benefit for all parents, and it seems to be more commonplace in today's workforce, especially post-pandemic. Equal pay for equal work should be something that companies can celebrate and use to attract more women in their workforce. Lastly, having women in leadership shows women the positions they can aspire to achieve, all beneficial criteria for attracting women into the workforce.

Focus: What are some of the aspects of your job, or of the industry as a whole, that you enjoy most?

Orme: I love feeling connected with the world and working with colleagues and partners all over the globe. I find it fascinating working with colleagues who are such individual experts at what they do... hearing their take on various issues, brainstorming together to find solutions... sharing our findings with our customers, making things happen!

Focus: What are your thoughts on the future of women in the air cargo industry?

Orme: I believe the future is very bright. We need to move fast to accelerate the pace of advancing women into leadership roles.

Focus: In your role as an industry leader, what steps do you take to promote equity, diversity, and inclusion?

Orme: I try to:

- Understand different cultures and beliefs.
- Ask humbly when I do not understand something.
- Defend others who are not there to defend themselves or not confident enough to do so.
- Speak openly about my observations of industry imbalances.
- Recognize individuals for their merit.
- Try to make others feel comfortable, accepted, & understood.

Focus: What does Cathay Cargo do exceptionally well for its women employees?

Orme: The standout thing that Cathay Cargo does exceptionally well for its women employees is to let us have a voice. I feel that my opinions are valued and taken into consideration. CX also has women in leadership roles. Seeing is believing.

"The standout thing that Cathay Cargo does exceptionally well for its women employees is to let us have a voice."

Jessie Orme

Focus: In your opinion, what should all top industry leaders be aware of regarding equity, diversity, and inclusivity?

Orme: Diversity amongst teams in any industry is the best achievement as it provides companies with richer perspectives. If you are an industry leader and you have made efforts to support or develop your company's diversity and inclusion policies--keep going! Unfortunately, we are still far from our goals, in a period of growth and transition, and we cannot stop working hard on these initiatives. This is vital to success for employees now and our future generations.



Focus: What advice would you give women who are interested in a career in air cargo?

Orme: What's there not to love about Air Cargo? The world is at your fingertips... you will be able to work with people all over the globe and learn about their customs and cultures. You will have the opportunity to learn, teach, advance, likely travel... and you will be surrounded by passionate people who love what they do and who make a difference. Yes, you will make a difference! There are many women in cargo who have paved the way for us already. We need you to carry the torch and bring your intellect, creativity & compassion for the future vacancies this industry will hold. In Air cargo, there is no limit to where your dedication and excellence may take you.

Focus: How did Cathay Cargo keep cargo flowing during and after the pandemic?

Orme: We were fortunate to have kept our freighter network almost intact from 2020-2021. That provided us with ample capacity to carry freight from the Americas to Hong Kong. We were able to put cargo on our freighter flights and COPs (Cargo only passenger flights) beyond Hong Kong to our major markets from the Americas. We mounted charter COP flights to carry materials when scheduled service was not enough. The revised restrictions at the start of 2022 set us back tremendously, leaving us with approximately 22% freighter capacity. LAX/PDX and ORD/LCK became the only operational US hubs, so we worked together and coordinated shipments from all over the Americas to these stations. We did our best to provide our global partners with as much capacity as possible, and we were more creative with our interline partners.

Focus: What partnerships and interline networks has Cathay Cargo established to serve customers in the Americas?

Orme: We've had tremendous success promoting our network in South and Central America. In order to serve customers in these markets, we collaborate extensively with our interline partners to provide global destinations under one MAWB, connecting via our MIA hub.

Focus: What cool-chain infrastructure does Cathay rely on for pharma shipments in the Americas?

Orme: The pharma journey with Cathay Cargo starts at the booking stage. Our team of experts ensures that shipments are booked with proper IATA handling codes that identify the handling needs of the shipment. Once the shipment is received, our GHAs inspect the goods and ensure proper labels are visible and storage instructions followed. We rely

on our Cool Storage facilities to keep loose and palletized cargo at the required temperature ranges. Depending on the commodity and requirements, thermal blankets & reefer vehicles are used to help minimize the tarmac exposure time. Our aircraft have the ability to hold set temperatures in each cabin. All of this is monitored by Cathay Cargo operations and ramp coordinators, whilst following the client specific SOP. Alerts to HKG and downline stations are general practice to keep everyone informed and prepared upon arrival.

Focus: How important is Miami to Cathay's cargo network? What volume do you generally transport from this hub?

Orme: Miami is unique, and acts as a central gateway connecting customers from South and Central America with our Hong Kong hub and beyond. In terms of our global partners, Miami is one of the top gateways for imports and exports which is another reason it's key to our network.

Focus: The theme for this year's CNS's Partnership Conference is Gaining and Maintaining Momentum. As the industry recovers from the impact of the pandemic, what strategies do you believe are necessary for a company to gain momentum and remain competitive?

Orme: In our rebuilding phase now, constant communications with our partners is still the number one component. The same communication is key with our head office and counterparts there. Staying aware of market developments and competitor offerings is vital for all of our teams. As the network regenerates, our focus is to continue building the base loads and allotments for the Americas.

About Cathay Pacific

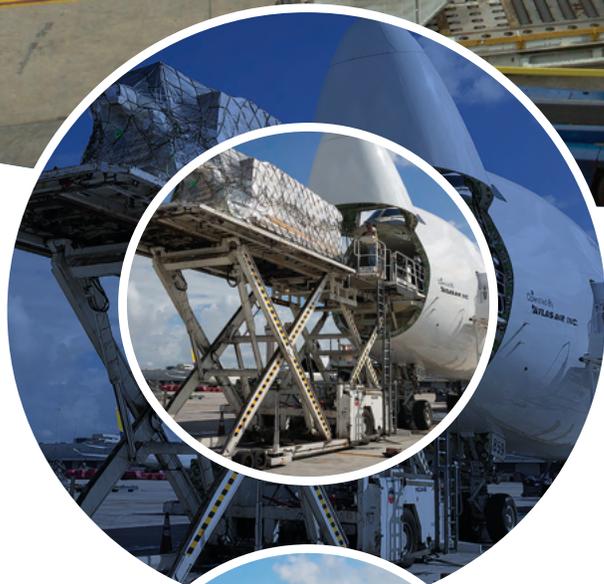
From its origins as a small regional freight operator established in 1946, Cathay Pacific Airways has grown to become one of the world's leading combination cargo carriers and has helped to build Hong Kong into the world's busiest air cargo hub. All of Cathay Pacific's cargo operations are grouped under its Cathay Cargo unit.

Cathay Cargo currently operates a fleet of 20 Boeing 747 freighters: 14 state-of-the-art 747-8Fs and six 747-400ERFs (Extended Range Freighter), across 30 destinations worldwide. We also use cargo space on the airline Group's 200 passenger aircraft. On average, and in normal times, Cathay Pacific Cargo carries more than 168,000 tonnes of cargo per month, more than half of which is uplifted on passenger flights.



Note: For information please visit: <https://www.cathaycargo.com>

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- Major North American e-Commerce Hub



From The Top - Kirsten de Bruijn

Executive Vice-President WestJet Cargo

by Alexis Dames



Kirsten de Bruijn

About Kirsten de Bruijn

Kirsten joined WestJet in April 2022 as Executive Vice-President Cargo.

Under de Bruijn's leadership, she will be instrumental in building the airline's dedicated cargo capabilities and service offerings, while growing a high-performing cargo organization capable of succeeding within a rapidly evolving market.

With her large portfolio of air cargo experience and more than 15 years in the airline industry, de Bruijn joins WestJet Cargo most recently from Qatar Airways, where she served as Senior Vice President Cargo Sales and Network Planning. During her time at Qatar Airways, de Bruijn managed the airline's global cargo sales organization including product development and marketing and was responsible for the freighter network

planning department. Prior to her tenure at Qatar Airways, de Bruijn served as Vice President, Cargo Pricing and Interline at Emirates Sky Cargo.

Focus: With a wealth of knowledge in key areas such as cargo sales and pricing, you now lead the nascent cargo division at WestJet. How does the experience of launching a new cargo company compare to previous roles with established carriers?

De Bruijn: Coming from an established air cargo carrier to WestJet Cargo has felt akin to beginning a start-up business. While WestJet has carried cargo in the bellies of its passenger aircraft since its inception, 27 years ago, operating freighters is a brand-new space for us. When I joined WestJet Cargo, there were no freighter processes, policies, or structures in place to dictate our direction. Instead, it was a fresh and exciting opportunity to start from scratch and create our own imagined future for our business. I get to work with our incredibly talented team, of whom are unwaveringly dedicated to ensuring the success of WestJet Cargo.

Focus: What prompted WestJet to create a dedicated cargo division?

De Bruijn: During the pandemic it became abundantly clear how essential cargo service is around the world, specifically in Canada. Due to the sheer size and landscape of Canada, Canadians rely heavily on air cargo to distribute and receive the products they both want and need. Despite the reliance on air cargo services, Canada's cargo market is extremely underserved. As a division of the WestJet Group, WestJet Cargo saw this as an opportunity to do what WestJet did to air travel in Canada 27 years ago – provide a cost competitive, reliable and customer first service to an underserved market.

Focus: Why were 737-800 Boeing Converted Freighters (BCF) selected for the fleet?

De Bruijn: Since the 737-800 aircraft is popular amongst the WestJet Group's fleet, we already have highly skilled 737 pilots, the appropriate infrastructure and maintenance capabilities for these freighters to seamlessly integrate into



One of the four brand-new WestJet Cargo 737 Freighters taxiing at Calgary International Airport. Photo courtesy WestJet Cargo.

our operations.

Focus: What characteristics and benefits does the 737-800 BCF offer WestJet Cargo's customers?

De Bruijn: The 737-800 BCF's are quick to load and fly as they are narrow body aircraft and come equipped with CFM56-7B engines that allow for WestJet Cargo to offer greater fuel efficiency, flexibility and frequency, and cost competitive options for our customers.

Focus: Please expand on the certification process that recently culminated with Transport Canada's approval to begin service.

De Bruijn: We will always prioritize safety above all and we thank Transport Canada for their dedication and diligence in certifying our freighters and ensuring their compliance with all regulations. We are incredibly grateful to have received their approval and certification of these aircraft which will serve to better support Canada's national transportation supply chain through increased competition and capacity within Canada's air cargo market.

Focus: When does WestJet Cargo expect to have all four of its freighters in operation?

De Bruijn: Our first three freighters began operation on April 22, 2023 and our fourth tail is expected to take off in the next few months.

Focus: What types of cargo do you initially expect to transport? What initial routes will WestJet Cargo serve?

De Bruijn: WestJet Cargo has been carrying a broad range of commodities in the bellies of our passenger aircraft for 27 years and our freighters will only expand this portfolio. We will continue to fly things like perishables, e-commerce and live animals, however the freighters will enable us to carry oversized items and unitized e-commerce pallets, giving us increased versatility and the ability to tailor our service to better meet the needs of our customers.

Focus: What are the top priorities for WestJet Cargo in its first year of operation?

De Bruijn: We are heavily investing in infrastructure, digitization, product and talent. At the same time, we're putting a



significant amount of focus on our internal and external tools – all with the idea that we want to be easy to do business with. The WestJet Cargo team is committed to developing relationships to better understand the markets we serve – helping us expand the services we offer. After the launch of the fourth tail, we'll review our five-year strategy and continue our focus on becoming a sustainable competitor in the North American and International markets.

Focus: Where has the carrier established dedicated cargo hubs? What infrastructure does the airline have at these stations?

De Bruijn: WestJet Cargo and the GTA Group's dedicated freighters will begin operating between Calgary, Halifax, Los Angeles, Miami, Toronto and Vancouver. We have designated Calgary, Toronto and Vancouver as our cargo hubs to align with WestJet's passenger operation, to align economies of skill. Additionally, we've partnered with GTA Dnata on our three hubs who will provide infrastructure support in these locations.

Focus: What dedicated cargo products is WestJet Cargo introducing into service?

De Bruijn: We are proud to offer a variety of cargo services including specialized transport of pets, perishables, compassionate transport, Dangerous Goods and other priority cargo. We are also excited to introduce BIKE'Air, a unique program that offers our customers the opportunity to transport their bikes to several popular destinations in our network. These customers can then embark on a great riding adventure and return the bike to any participating city in Europe or Canada to return the bike to its point of origin.

Focus: What opportunities does WestJet Cargo foresee in the South Florida market?

De Bruijn: We chose to begin our freighter operations in Miami as it is an integral hub for Latin American cargo. Flights from the Magic City will regularly transport perishables, flowers, fruits and vegetables to Canada. In the opposite direction –from Canada to Miami-, we expect to transport general cargo such as eCommerce.

Focus: What key partnerships has WestJet Cargo established among the many markets it plans to serve?

De Bruijn: With 27 years of history in the cargo industry, WestJet Cargo already has very strong partnerships, of which we will continue to strengthen, while also building new ones as we

enter the market with dedicated freighters.

Focus: How much cargo is WestJet currently carrying as belly cargo and what capacity do the new Cargo freighters represent for the operation?

De Bruijn: Each of our 737-800 BCF's have 23 tons of payload capacity available. Additionally, in our passenger carrying fleet, the bellies of the 787-900's have 18 tons of capacity available, while our 140 narrow bodies range anywhere from 500-3000 kilos of capacity.

Focus: Will you offer any integrations with third party services such as road feeders?

De Bruijn: Yes, we already offer this service, as we have many trucking lanes available to feed and de-feed our cargo stations in Canada, the United States and Europe.

Focus: How does sustainability factor into WestJet Cargo's present and future operation?

De Bruijn: The WestJet Group, inclusive of WestJet Cargo, is committed to sustainability as we work towards achieving our commitment of net-zero emissions by 2050.

Focus: What necessary steps should WestJet Cargo take in order to become a leader in the air cargo market?

De Bruijn: Our incredibly talented team at WestJet Cargo is eager to disrupt Canada's air cargo market, by providing competitive cost advantages, increased choice, reliable on-time performance and exemplary customer service, to Canada's underserved air cargo market. As our freighters took to the skies last week, we saw a green light to do just that, as we strive to meet the needs of Canada's expanding cargo market.

About WestJet Cargo

In 1996, Clive Beddoe and a team of like-minded partners started WestJet with three aircraft, five destinations and 220 friendly WestJetters. Today the airline operates four different aircraft types and flies to more than 110 destinations in North America, Central America, The Caribbean, Europe and Asia. WestJet Cargo is the cargo division of WestJet, which provides a range of shipping solutions, including domestic and international air cargo services, temperature-controlled cargo, and oversized cargo handling.



NOTE: For additional information, please visit: www.westjetcargo.com

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Sustainability Focus: IATA Advances CO2 Calculations

Interview with Michael Schneider & Ismar Sabanovic

IATA

by Alexis Dames



Michael Schneider

About the authors:

Michael Schneider is an aviation professional with over 20 years of experience in finance, environment, sustainability, and carbon markets. He currently holds the position of assistant director within the IATA sustainability & economics division based in Geneva, Switzerland.

During the last 12 years he has been the subject matter expert in CO2 emissions monitoring and reporting, Sustainable Aviation Fuels (SAF), voluntary carbon markets, and carbon offsetting. He developed complex environmental solutions and programs, now widely used within the aviation industry.

Michael represents the aviation sector and IATA's 300 airline members in environmental expert groups at the International Civil Aviation Organization (ICAO), the European Union, and other international regulatory bodies. During his career Michael developed complex business intelligence solutions and occupied a leading role in the global implementation and roll-out of electronic ticketing that led to a paperless industry. His participation and input in ICAO's expert groups helped defining the technical requirements for the first global and sectoral carbon offset and reduction scheme for international aviation, better known as CORSIA. Since then, he has been driving several high-profile projects linked to the development of environmental reporting and compliance systems to aid airlines in meeting their mandatory or voluntary offset obligations.

He conceptualized and successfully implemented the FRED+ emissions reporting system used by airlines to report emissions under CORSIA and developed related industry standards for calculating passenger and cargo emissions. He is also the founding architect of the Aviation Carbon Exchange (ACE), an environmental commodity exchange for aviation stakeholders to trade CORSIA eligible and voluntary carbon offsets.

Michael holds a Bachelor and master's degree in International Finance and Banking from the International University in Geneva and holds a diploma in International Business and Marketing from Michigan State University.

Michael holds a Bachelor and master's degree in International Finance and Banking from the International University in Geneva and holds a diploma in International Business and Marketing from Michigan State University.



Ismar Sabanovic

Ismar Sabanovic joined the International Air Transport Association (IATA) in Geneva, Switzerland in early 2022. As a Manager, Environmental Programs, Ismar provides support to airlines on a range of environment and sustainability-related topics, including the development and improvement of the CO2 calculator developed by IATA by and for the industry, as well as modeling implications of changes to

the baseline of ICAO's CORSIA.

He also represents the airline industry in ICAO Committee on Aviation Environmental Protection (CAEP) working groups.

Prior to joining IATA, Ismar worked for Paris-based Verifavia as an auditor of airline emissions data under EU, UK, and Swiss Emissions Trading Systems (ETS) and the ICAO's CORSIA scheme, as well as for the purpose of voluntary carbon disclosures. He also delivered webinars on ETS/CORSIA Monitoring, Reporting, and Verification (MRV) to industry audiences. Ismar holds bachelor's degrees in Aerospace and Mechanical engineering from the University of Florida.

Recently, Michael Schneider and Ismar Sabanovic of IATA met with the Focus editorial team to discuss industry-wide insights about the current state of CO2 reporting and calculations.

Beyond its mission to represent, lead, and serve the airline industry, IATA has become an important standards setting organization where sustainability is concerned. Many industry stakeholders are firmly committed to achieving net-zero goals by 2050. At this critical juncture, it's imperative that stakeholders adopt established practices developed by IATA with industry approved methodologies. Only with proper, accurate CO2 data reporting, will the industry get on track to meet its sustainability goals.

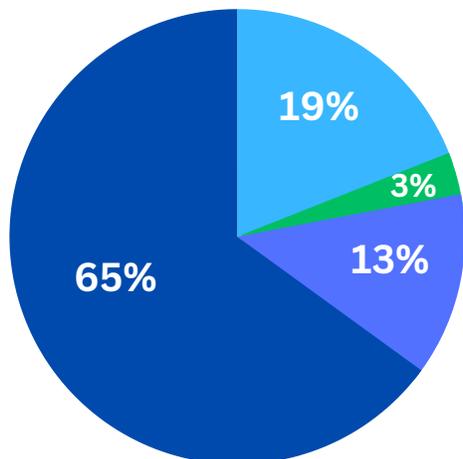
Industry Emissions

Focus: Currently, how much CO2 is being generated by the global aviation industry per annum?

Schneider: Annually, IATA conducts a data collection exercise where progress towards the industry's Net Zero 2050 commitment can be assessed. As per the 2021 IATA Net Zero Progress Report, 552 MtCO2 gross and 516 MtCO2 net were generated during the year. The net emissions account for reductions the industry achieves via sustainable aviation fuels (SAF) and carbon offsets.

Focus: As the industry adopts Net-zero commitments, what numbers can we expect in terms of emissions by airlines in 2050?

Schneider: We can expect to achieve net zero emissions in 2050, in alignment with the industry's commitment. In other words, the industry will have mitigated 21.2 Gigatons of CO2 by 2050. The emissions reductions are expected to be primarily driven by SAF, followed by offsets & permanent carbon removals, revolutionary aircraft technologies (e.g., electric & hydrogen aircraft), and infrastructure and operational efficiencies.



- 65% Sustainable Aviation Fuel (SAF)
- 19% Offsets and carbon capture
- 13% New technology, electric & hydrogen
- 3% Infrastructure & operational efficiencies

Contribution to achieving Net Zero Carbon in 2050. Source IATA.

Focus: What technologies are in development to help reduce carbon emissions from airplanes?

Sabanovic: Airplane manufacturers are constantly improv-

ing aircraft designs to lower their fuel consumption, which has been reflected in lighter, more aerodynamic aircraft, with more efficient engines that consume notably less fuel than engines designed a decade or more ago. A lot of work has also been put into ensuring that aircraft engines can safely operate with a SAF blend that can reach 100% in the future and maximizes the benefits from SAF emissions reductions.

There have also been notable investments in novel aircraft technologies, such as blended wing body designs, hydrogen-propulsion, and truss-braced wings, with the shared goal of reducing the carbon emissions from aircraft.

Focus: Is the supply of SAF expected to match demand in the coming decades?

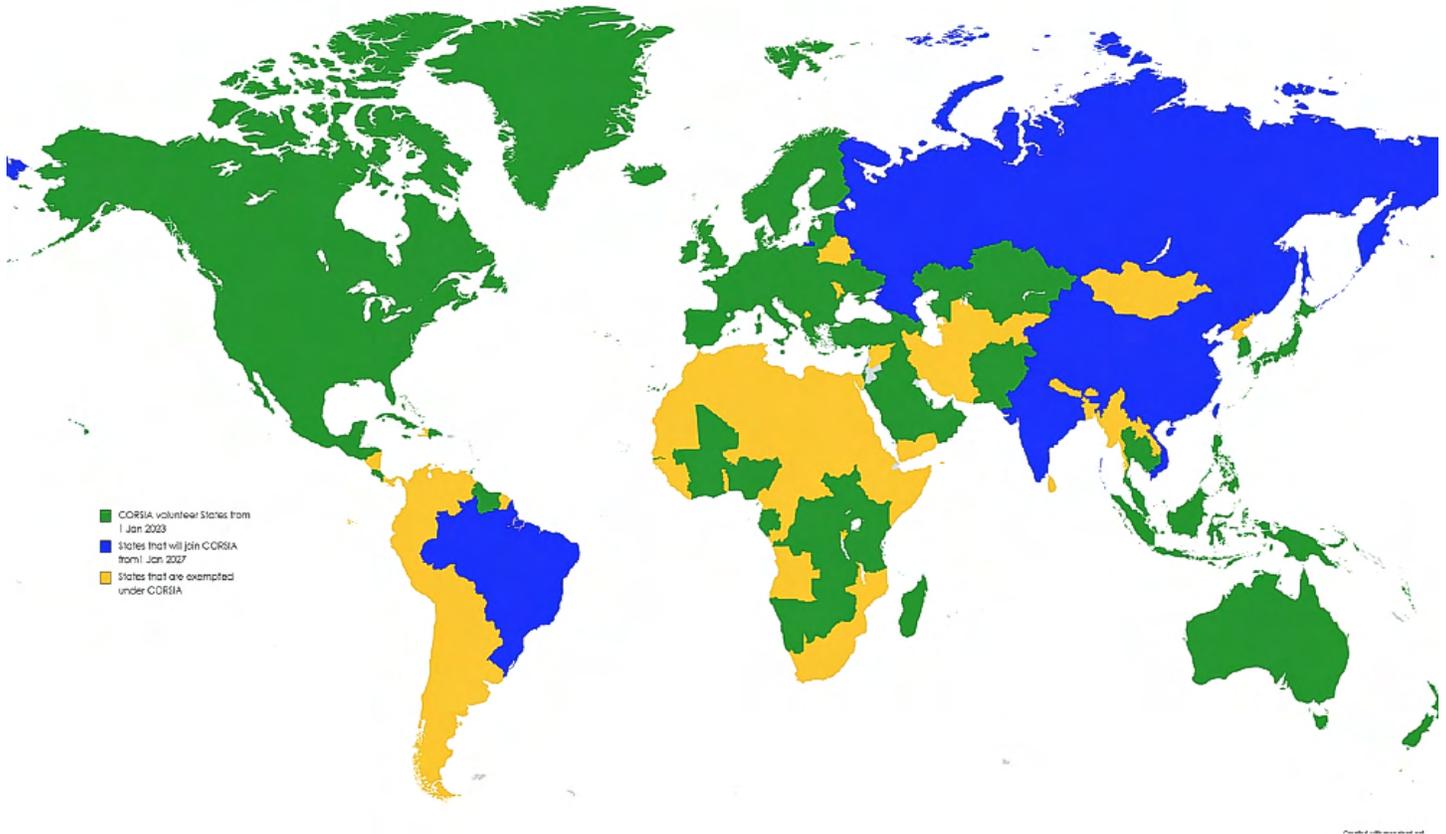
Sabanovic: We anticipate a very strong ramp-up of SAF supply in the coming years and decades. Airlines have shown strong interest and commitment to SAF by buying every single molecule available on the market – and we see a need for appropriate policy support for SAF supply increases. For example, SAF production incentives such as those introduced in the US present a step in the right direction to ensure that the SAF supply can keep up with the demand. See media release* (1).

Focus: What carbon offsets do airlines typically employ to offset their CO2 emissions?

Schneider: Overall, airlines have invested more than 60 million USD in carbon offsets in 2022, reaching 9 million tonnes of CO2 avoided or reduced. More than 60 IATA member airlines offer carbon offsetting or compensation solutions for passengers. In the cargo space, a shipment can be offset with shippers or freight forwarders investing in high-quality carbon offsets. These solutions offer the calculation of the carbon footprint and voluntary opt-in for a carbon offset project that has avoided, reduced, or removed emissions from the atmosphere. The use of high-quality carbon offsets, such as the one required under CORSIA, will be critical to achieving carbon-neutral growth, with airlines investing in offset projects worldwide. Although offsets may be used in the interim, it is widely recognized that, in line with the Oxford Offsetting Principles, a gradual shift toward permanent removals rather than offsets will be required to counter-balance residual emissions and meet the net zero commitment.

Focus: How can airport and airspace operations be optimized to reduce airline CO2 emissions?

Sabanovic: Due to the direct correlation of CO2 emissions with fuel consumption, it is paramount that industry efforts are sup-



CORSIA volunteer states: Green: Actively Reporting since Jan 1, 2023; Blue: Will join CORSIA on Jan 1, 2027; Yellow: Exempt. Source IATA.

ported by other parties in the value chain to drive further operational improvements and a reduction of CO₂ emissions. More efficient airport operations could reduce ground fuel burn, and optimized airspace operations – such as the Single European Sky initiative, or more direct routings and continuous descent profiles in general – could bring notable reductions in flight fuel consumption, thereby reducing airline CO₂ emissions.

Focus: Are there any international regulations for reporting airline emissions?

Schneider: Yes. As part of the ICAO CORSIA scheme, the globally-supported market-based measure, airlines need to report overall emissions to their national state authorities. When it comes to CO₂ emissions on the passenger level, governments are beginning to look at potential legislation and the requirement to display CO₂ emissions at the point of ticket sales.

Focus: How does IATA intend to monitor the industry's progress towards the Net Zero target?

Schneider: IATA has developed a recommended practice methodology, the IATA Net Zero Progress Tracking Methodology* (2) to be used for exactly this purpose. The methodology was developed with an expert industry group, offering three key metrics: absolute emissions as the ultimate target and two

emissions intensity metrics (gCO₂ per RTK and gCO₂ per ATK) to capture the near-term improvements as the absolute emissions are likely to grow due to increased traffic volumes.

Focus: How will IATA collect emissions data from the airlines?

Sabanovic: Airlines will submit their emissions data to IATA annually – in line with existing international regulations – including all the key metrics to accurately monitor progress, as described in the IATA Net Zero Progress Tracking Methodology.

Focus: How does IATA encourage buy-in from all stakeholders?

Sabanovic: The development of IATA standards and recommended practices follows a rigorous process, including consultations with pertinent experts and airline industry approval at passenger and cargo service conferences.

The advocacy work continues after the official publication of standards through engagement with various stakeholders. Key features and benefits are presented to improve recognition and adoption beyond the airline industry. IATA also brings forward industry-approved standards to other influential parties, such as international standardization bodies or the UN aviation body ICAO, who can further endorse IATA's work.

► From the Top: IATA Advances CO2 Calculations. Interview with Michael Schneider - Ismar Sabanovic.

Focus: As IATA quickly becomes the standard for CO2 calculations, please explain how the organization works to calculate carbon emissions from airlines accurately.

Schneider: The current proliferation of carbon calculation methodologies with varying results creates confusion and dents consumer confidence. Creating an accepted industry standard for calculating aviation's carbon emissions, we are putting in place essential support to achieve this goal. With passengers and cargo stakeholders demanding increasingly precise flight CO2 emission information, an accurate and standardized calculation methodology is critical. This is particularly true in the corporate sector, where such calculations are needed to underpin voluntary emissions reduction targets. The objective of the industry RP is to harmonize the calculation of CO2 and to allow comparability across different providers of CO2 information.

IATA's Recommended Practice Per-Passenger CO2 Calculation Methodology was developed together with an airline working group. It was consulted and discussed with various stakeholders across the industry, including international standards-setting bodies and major freight forwarders and shippers.

Focus: In what format does IATA receive emission data from the airlines?

Sabanovic: IATA collects airline-specific data sourced via various industry systems. The data entails airline voluntarily contributed fuel consumption by aircraft type and destination, load factor information, and cabin class configurations.

Focus: Does IATA include Scope 3 emissions in the emissions calculations?

Sabanovic: The strict definition of Scopes 1, 2, and 3 in GHG protocol do not fully capture some of the particularities of the airline industry.

For jet kerosene, tank-to-wake emissions are considered. SAF emissions reductions are assessed and reported on a life-cycle basis. For novel aircraft technologies, the intention is to consider the full life-cycle emissions of the propulsion energy sources, such as the emissions associated with electricity generation or hydrogen production.

Focus: Are reports by other industry stakeholders -like road feeder services- included in an airline emission's calculations?

Sabanovic: According to the IATA Recommended Practice 1678 - Cargo CO2 Emissions Measurement Methodology, the scope taken into account when measuring emissions is the transportation from Origin to Destination as per the Master Air

Waybill (MAWB). This means the transportation can include one or more segments and Road Feeder Services (RFS), rail, and other emissions modes when included under the MAWB.

Focus: How often should airlines update their CO2 calculations?

Sabanovic: We anticipate annual calculation and reconciliation of airline CO2 emissions in line with other monitoring and reporting mechanisms such as CORSIA or individual airlines' annual reporting.

Focus: What would be the most accurate way to calculate the CO2 emissions of a particular flight? What are the variables to consider in both passenger and cargo flights? (aircraft type, SAF use, engines, load factor, etc.)

Sabanovic: For a flight powered exclusively by jet fuel, the CO2 emissions of a flight are directly proportional to the fuel consumed so that each tonne of jet kerosene consumed corresponds to the emission of 3.16 tonnes of CO2.

If SAF is used to complement or even fully substitute jet kerosene, the physical tailpipe CO2 emissions remain unchanged; however, thanks to the life-cycle emissions reductions of SAF, the net emissions are reduced by up to 80% (with current-generation SAF). With 80% emissions reductions, 1 tonne of fuel burned would correspond to net emissions of 0.63 tonnes of CO2.

Focus: What other methods are used by airlines to calculate emissions?

Schneider: There are various approaches to allocate those CO2 emissions between individual passengers and cargo shipments. Most airlines, however, opt to apply the guidelines from the relevant IATA Recommended Practice (for passenger or cargo emissions), ensuring that the methodology used is industry-approved and enables the consumers to have a fair comparison between different airlines.

In principle, this means that the CO2 emissions of a flight are allocated using a weight-based approach in all cases, supported by standard multipliers derived from industry data to differentiate between cabin class axes on passenger aircraft.

Focus: How does the efficiency of airline operations impact the calculation of CO2 emissions?

Schneider: In the past years, the air cargo industry has embraced a series of innovative solutions to reduce CO2

► From the Top: IATA Advances CO2 Calculations. Interview with Michael Schneider and Ismar Sabanovic.

emissions and improve operational efficiency. Some examples include the use of lighter-weight Unit Load Devices (ULD), cargo pallets and transporting nets, the new alternatives to wooden beams and other components, and more efficient pallet buildup methods and technologies that enable capacity optimization.

Focus: What mistakes could airlines make when calculating their CO2 emissions?

Sabanovic: The likeliest mistake would be incorrect accounting of fuel consumption, although airlines tend to have stringent control procedures in place as all fuel-related data has large financial implications.

Focus: What kind of improvements can be made when it comes to airline CO2 calculations?

Schneider: The CO2 emissions calculations from jet kerosene consumption are straightforward and well-established. However, there is room for improvement on the topic of SAF accounting, particularly in establishing a globally accepted book and claim framework. This would allow the decoupling of CO2 emissions reductions arising from SAF use from the physical SAF molecules, improving the supply chain efficiencies and extending the reach of SAF to more airlines.

Focus: To what extent are CO2 calculations across the airline industry not standardized?

Schneider: In past years, we have seen a proliferation when it comes to per-passenger and per-shipment CO2 calculations, with numerous methodologies and calculators available, often based on flawed assumptions and insufficient data. As IATA, we are working towards streamlining these calculations by developing industry-approved methodologies and offering the most accurate calculations based on real airline data via our CO2 Connect product.

Focus: Are there industry initiatives for airlines to benchmark and reduce their CO2 emissions voluntarily?

Schneider: Airlines are supporting IATA's standard-setting by assisting with developing fit-for-purpose methodologies and sharing relevant data with IATA. By using a globally accepted standard, such as the CO2 Passenger and Calculation standard, results become truly comparable using the same basis for the allocation and calculation of emissions.

Focus: What role have consumers played in developing CO2 calculators and flight CO2 estimates?

Sabanovic: A recent IATA survey highlights that nearly two-thirds of travelers believe they have a responsibility to know the carbon emissions of their flights. A third of air travelers think carbon emissions are the most important factor in future travel decisions, and almost two-thirds of people surveyed would pay extra to offset carbon emissions. Customer interest in CO2 estimates has been one of the major drivers of our work on CO2 data, together with the need for standardization and lack of transparency in the sphere of CO2 calculators.

About IATA

The International Air Transport Association (IATA) is the trade association for the world's airlines, representing some 300 airlines or 83% of total air traffic. They support many areas of aviation activity and help formulate industry policy on critical aviation issues.



(*) Links Mentioned:

1. <https://www.iata.org/en/pressroom/2022-releases/2022-12-07-01/>
2. <https://www.iata.org/contentassets/b3783d24c5834634af-59148c718472bb/net-zero-tracking-progress-methodology.pdf>



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TSA Air Cargo Security Certified Cargo Screening Program

Background

- On June 30, 2021, TSA mandated 100% screening of air cargo originating in the United States and destined for non-U.S. locations that is transported on all-cargo aircraft.
- TSA approved amendments for Impractical to Screen (ITS) cargo to assist industry in meeting the June 30, 2021 regulatory requirement. **These amendments expire on October 31, 2023 and will not be extended.**
- After October 31, 2023, air cargo shipments previously transported under the ITS amendment will be required to be accepted into the air cargo supply chain in accordance with the Certified Cargo Screening Program (CCSP), or must be screened by the air carrier.



Certified Cargo Screening Program (CCSP)

- The CCSP enables Certified Cargo Screening Facilities (CCSF) to screen cargo prior to acceptance by an Indirect Air Carrier (IAC) or Aircraft Operator.
- CCSFs must:
 - adhere to stringent security requirements set by a TSA security program;
 - screen cargo at the piece level;
 - initiate and maintain the integrity of cargo through chain of custody measures; and
 - permit onsite validations and periodic TSA inspections.
- Third-Party Logistics Providers (3PLs), manufacturing facilities, shippers, warehouses, and distribution centers may apply to become a CCSF if their facility tenders cargo to a freight forwarder or air carrier.
- IACs are also eligible to apply to become a CCSF.

Benefits of a CCSP

- Cargo moves more quickly through the supply chain.
- Air cargo accepted from a CCSF does not require additional screening and can be transported by either a passenger or all-cargo aircraft.
- Manufacturers can package and ship air cargo without potentially invasive screening and additional fees later in the supply chain.



Frequently Asked Questions

Is a CCSF required to buy screening equipment?

- No. However, CCSFs may need to purchase specific equipment to screen cargo for explosives unless they choose to perform physical search of that cargo.

What does TSA charge to become a CCSF?

- TSA does not charge to become a CCSF. If you are interested in purchasing screening equipment, your assigned Principal Security Specialist (PSS) can provide an approved list of technology.

What are the responsibilities of a CCSF?

- CCSFs will have to comply with all requirements in their security program. These requirements align with the pillars of a secure supply chain 1) Chain of Custody, 2) Training, 3) Facility Security, 4) Compliance/Oversight, 5) Personnel Security, 6) Screening, and 7) Protection of Screened Cargo.
- Your assigned PSS will go over each of the requirements with you.

Does this mean a TSA inspector is going to be inspecting my facility?

- Yes. Once you become an approved CCSF, local TSA Compliance Inspectors will include your operation to their annual inspection plan. The frequency of inspections may vary depending on the type of operations. Your assigned PSS will introduce you to your local TSA Compliance team.

Additional Information

- Applications to apply to become a CCSF-Shipper must be submitted to TSA at least 90 days prior to the planned beginning of scheduled operations.
- Website links: CCSP can be found at: [eCFR: 49 CFR Part 1549 -- Certified Cargo Screening Program](#)
- For additional information, questions or to apply, please email us at aircargoprograms@tsa.dhs.gov



7 Steps to Build a Solid Cyber-Resilient Framework

By Amanda Barlow, Senior Vice President, Client Experience, Roanoke Insurance Group Inc.



Amanda Barlow

Cyber risk is among the most challenging systemic risks for small to medium enterprises (SMEs), especially the logistics sector. Companies' readiness to recover from cyberattacks depends on their cyber resiliency and response services.

What is the most common type of cyberattack on logistics providers?

Believe it or not, it is still ransomware! Ransomware is a money-making scheme that employs malicious malware, software designed to encrypt a company's computer data, rendering it inaccessible. Criminals demand payment for the data to be unencrypted and for the business to regain access. Bad actors often require an additional payment to keep the data private. If the ransom is not paid within a specific time, the criminals threaten to publish the data for all to see or to reveal it to a competitor or industry segment.

Ransomware costs continue to rise. The five-year average ransom amount is now \$262,000, and the five-year average cost is up to \$455,000, according to NetDiligence. Ransomware claims that involve a business interruption loss cost four times more than those that do not. Furthermore, according to Dark Reading, 74% of ransomware victims report business disruption lasting more than a day, with 28% reporting a week or longer to recover from a ransom attack. The financial and reputational consequences of recovering from such an incident are devastating for many forwarders.

In addition to ransomware, the other leading causes of loss include business email compromise (BEC) and wire transfer fraud. Criminals in a BEC scam send an email that appears to be from a known, trusted source to dupe the recipient into providing confidential information or transferring funds.

Cybercriminals also use malicious software to infiltrate a company network to access legitimate email threads, billing systems, and invoices to send fraudulent payment requests.

What can a logistics company do to minimize the cost and disruptions these cyberattacks cause?

A forwarder's cyber preparedness is the key to reducing risk and associated costs. Studies, including the NetDiligence report, have repeatedly shown that firms with incident-response and cyber-resiliency plans can respond quickly and efficiently following a cyberattack, minimizing the cost, reputational damage, and disruption to their business. The most effective cyber-resiliency plans include an insurance company's designated breach coach and incident-response experts.

For example, a Minnesota-based trucking and logistics company suffered two ransomware attacks. The first attack crippled the company in 2018, forcing them to pay the ransom. And then, when the second attack hit in 2021, the organization was better prepared and restored 90% of its functionality in a day and a half without paying a ransom.

A cyber-resilient framework should include several prevention and recovery measures. Here are steps organizations can take to achieve cyber resiliency.



Ransomware is still the most common cyberattack targeting logistics providers. Photo: Adobe Stock - zephyr_p.

- » Identify all critical information and security flaws and vulnerabilities.
- » Protect critical infrastructure and services by developing and implementing safeguards.
- » Create and implement a system for detecting attacks, assessing affected systems, and responding timely.
- » Develop a response plan with clearly defined roles and responsibilities. This plan should include expert guidance from a cyber breach coach.
- » Create and implement a plan to recover and restore any data or services compromised due to an attack.
- » Educate all employees on the various cyberattack tactics bad actors use.
- » Be sure to have Cyber insurance in place. It can help with the costs of a breach or other type of attack and provide additional resources and support.

About the author

Amanda Barlow is the Senior Vice President for Roanoke Insurance Group's Client Experience Department, and is a member of the Airforwarders Association Board of Directors. Amanda has over 15 years of experience in international trade and transportation.

About Roanoke

Roanoke Insurance Group Inc., a Munich Re company, is a specialty insurance broker focused on surety bond and insurance solutions for logistics service providers, customs brokers and companies managing supply chains. Founded in 1935, Roanoke was the first provider of customs import bonds as well as the first appointed ATA Carnet provider in the United States. Roanoke has decades of partnership with the trade community as a trusted provider of insurance, surety bonds, ATA Carnet products and specialty services.

Roanoke Insurance Group has a tailored cyber program for the logistics industry called Logistics CyberSuite™. This integrated solutions program offers cyber risk training and support to help mitigate a company's risks. This program includes Logistics CyberSuite™ insurance coverage, loss projection and prevention tools, deep cyber data resources, and cyber recovery expertise complete with a breach coach and 24/7 hotline in the event of an attack.

Disclaimer: This information is provided as a public service and for discussion of the subject in general. It is not to be construed as legal advice. Readers are urged to seek professional guidance from appropriate parties on all matters mentioned herein



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Legal Perspective

U.S. Customs Petition for Relief Primer

by Jonathan R. Todd and Vanessa I. Gomez



Vanessa I. Gomez



Jonathan R. Todd

A petition for relief or simply, petition, is one of the administrative methods frequently employed to appeal decisions taken by U.S. Customs & Border Protection (CBP).

Under section 19 USC 1618 “any person interested in any vessel, vehicle, aircraft, merchandise, or baggage seized under the provisions of this chapter, or who has incurred, or is alleged to have incurred, any fine or penalty thereunder, files with CBP a petition for the remission or mitigation of such fine, penalty, or forfeiture, and CBP finds that such fine, penalty, or forfeiture was incurred without willful negligence or without any intention on the part of the petitioner to defraud the revenue or to violate the law, or finds the existence of such mitigating circumstances as to justify the remission or mitigation of such fine, penalty, or forfeiture, may remit or mitigate the same upon such terms and conditions as he deems reasonable and just, or order discontinuance of any prosecution relating thereto.”

What criteria does CBP employ to mitigate or remit?

CBP publishes Mitigation Guidelines in Weekly Bulletins & Decisions or as part of informed compliance publications. While not comprehensive, the Mitigation Guidelines provide

insights into the internal policies CBP utilizes to offer mitigation or remission.

How common is an Enforcement Action?

Enforcement action by CBP is not uncommon even for the most diligent of importers or service providers. CBP may issue a Notice of Penalty in circumstances where it believes a violation occurred, and remedies available to the federal government include liquidated damages or civil penalties. Common examples of scenarios where Notices are issued include a bonded carrier’s failure to close out its bond, an export forwarder’s failure to enter a correct port code in AES, or an importer’s technical violation of customs laws, including the attempt to import goods that are otherwise unlawful. The party receiving a Notice generally has the opportunity to contest the facts and law, and argue for mitigation of the monetary exposure, by filing what is known as a petition for relief [19 CFR 172.2].

This simple primer provides background on what petitions for relief are and how the process can help to mitigate exposure for liquidated damages or civil penalties sought by CBP.

Who may file a petition for relief?

A CBP Fines, Penalties, and Forfeitures Officer (“CBP Officer”) will send the written Notice to the allegedly offending party, which is often the customs bond’s principal where the underlying obligation was secured by a bond [19 CFR 172.1]. In response, the party receiving a Notice may directly or through an attorney file a petition for relief (a “Petitioning Party”) [19 CFR 171.1 (b)]. Corporations filing petitions on their own behalf must have an officer, supervisor, or employee sign the petition on its behalf [19 CFR 171.1 (b)].

What must be contained in a petition for relief?

Petitions for relief should be addressed to the CBP Officer who sent the notice of right to petition [19 CFR 171.2]. Petitions may be filed electronically or in paper form. However, those filed in paper form should include duplicate copies [19 CFR 171.2(d)]. CBP can require that the petition and supporting

document be submitted in English or with an accompanied English translation [19 CFR 171.1 (c)]. The petition's contents must include:

- A description of the property (in the case of a seizure)
- Date and place of the violation or seizure
- Facts and circumstances justifying remission or mitigation
- Proof of a partitionable interest in the seized property (in the case of a seizure) [19 CFR 171.1 (c)]

In addition to filing petitions, oral representations are available where penalties are incurred for alleged fraud, gross negligence, negligence, or false drawback claims associated with paying tariffs [19 USC 1592; 19 USC 1593a; 19 CFR 171.3].

What is the review process for petitions?

The timeline for filing a petition for relief will depend on the reason for which relief is being sought. A petitioner seeking relief from seizures must file within thirty (30) days after the mailing of the Notice [19 CFR 171.2 (b)(1)]. Petitioners seeking relief from liquidated damages or penalties must generally file within sixty (60) days of the mailing of the Notice [19 CFR 171.2 (b)(2)].

Petitions for remission of forfeiture must be filed prior to the final disposition of the property is made [19 CFR 171.13 (b)]. However, the CBP officer may implement a stricter timeline for cases within one hundred eighty (180) days of the statute of limitations [19 CFR 171.2 (e)]. In those cases, the CBP Officer may require the petitioner to seek relief within a reasonable period of at least seven (7) working days [19 CFR 171.2 (e)]. While CBP tends to follow its timelines, we have had success in asking CBP officers to grant extensions of time where there are extenuating circumstances [19 CFR 171.2 (c)].

What are the possible results from a petition?

The reviewing CBP Officer may remit, mitigate, cancel, or remit without payment as he or she deems appropriate [19 USC 1618; 31 USC 5321(c); 19 CFR 171.11 (a)]. For example, the CBP Officer may cancel the claim of penalty or forfeiture upon concluding the acts or omissions forming the basis of the claim did not occur [19 CFR 171.11 (b)]. The CBP Officer will deny a petition for relief if he or she determines it is filed incorrectly, untimely, or without justification warranting remission, mitigation, or cancellation. The Petitioning Party must either pay the amount stated in the decision or dispute the decision within sixty (60) days unless a different time frame is prescribed [19 CFR 171.22].

A Petitioning Party that is unsatisfied with the decision following the original petition may file a supplemental petition [19 CFR 171.61]. Supplemental petitions may be filed regardless of whether the Petitioning Party has already paid a mitigated penalty or forfeiture remission designated by the decision to the original petition [19 CFR 171.61]. CBP may require the Petitioning Party to waive the statute of limitations prior to accepting the supplemental petition for cases with less than one (1) year before the end of the statute of limitations [19 CFR 171.64].

About the Authors

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About Benesch Law

Benesch is an AmLaw 200 business law firm with over 350 attorneys and offices in Cleveland, Chicago, Columbus, Hackensack, New York, San Francisco, Shanghai, and Wilmington. Benesch was named Transportation Law Firm of the Year by U.S. News & World Report/Best Lawyers® "Best Law Firms" for 2023. The firm also received this recognition in 2014, 2016, 2017, 2020 and 2022. Only one law firm per practice area in the U.S. receives this recognition each year, making this award a particularly significant achievement.





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Training

Industry Perspective

Attracting and Retaining Talent

by Sean Gallagan, Ph.D.



Sean Gallagan, Ph.D.

About Sean Gallagan Ph.D.

Dr. Sean Gallagan is an aviation workforce subject matter expert who has dedicated over 30 years to public education and workforce development.

Prior to becoming a consultant, he served as the Associate Dean overseeing transportation programs at Broward College, including aviation, marine, automotive, and industrial technology and Principal/Director of George T. Baker Aviation Technical College – the

largest FAA Part 147 public training institute in the SE United States.

What are the most important factors that attract top talent to the air cargo industry?

As is the case with many aviation industries, there are many factors that create an environment that is attractive to those individuals with high skills and expertise. Some of the most important factors are: competitive compensation and benefits, career growth and development opportunities, technological innovation, strong company culture and values, global exposure and networking opportunities, job security and stability, flexibility and work/life balance, as well as engaging and challenging work.

What are some of the challenges of retaining top talent in the air cargo industry?

There are many challenges to retaining top talent. Many are closely related to what attracts top talent to the air cargo industry. Some of the challenges are: competition from other industries, rapid technological changes, work/life balance, limited career advancement opportunities, insufficient training and development, employment engagement and motivation, economic fluctuations, and those that are retiring due to the

aging workforce.

What are some of the things that air cargo companies can do to attract and retain top talent?

There are several strategies that an air cargo company can implement to attract and retain top talent. Some things that can be done are: offer competitive compensation and benefits, provide clear career growth opportunities, provide training and professional development, instill a positive work culture, provide a work/life balance that meets both the employee/employer needs, allow for global exposure, invest in technology, and implement employment strategies that have been shown to work (i.e., recognition, clear career ladder, consistent and predictable raises, etc.).

What are some of the most common mistakes that air cargo companies make when it comes to attracting and retaining top talent?

There are a number of pitfalls that air cargo companies make when it comes to attracting and retaining top talent. Some of these common mistakes are: insufficient compensation and benefits, lack of career growth opportunities, inadequate training and development, poor work/life balance, weak company culture, ignoring employee feedback, lack of employee recognition and appreciation, inadequate onboarding and integration, and using ineffective recruitment strategies.

What advice would you give to someone who is looking to start a career in the air cargo industry?

Starting a career in the air cargo industry can be an exciting and rewarding career decision. The air cargo industry plays a vital role in global trade and logistics and so can each person involved. Several things that I would recommend for a person to do would be to research the industry, identify what your interests and skills, pursue relevant education and training, gain experience in the industry, network, stay current with industry trends and technology, develop your soft skills, and always be persistent and flexible.





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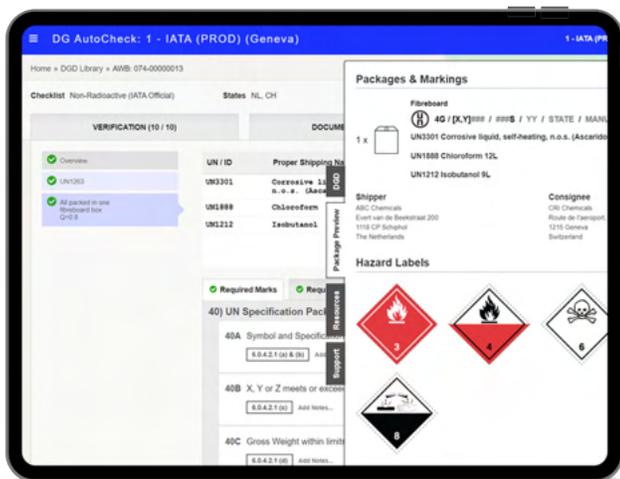
visibility of dangerous goods operations

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elimination of dangerous goods acceptance checks errors

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reduction in processing time of dangerous goods acceptance checks

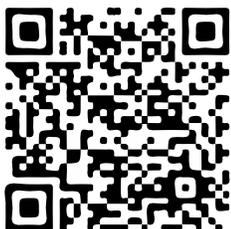


What is DG AutoCheck?

DG AutoCheck is IATA's dangerous goods acceptance check validation tool that takes all the regulations, rules, best practices and guidance contained in the IATA Dangerous Goods Regulations (DGR), and converts them into an automated compliance solution.

How does DG AutoCheck work?

The system verifies the compliance of the Shipper's Declaration and provides a pictorial representation of the package, showing the required marks and labels to support the acceptance process. Receive an e-DGD or scan and upload the Shipper's Declaration into the tool. That's it!



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DG AutoCheck

Industry News

Lance Small Appointed as Chief Strategy Officer, Sterling Transportation



Lance Small

(Los Angeles, CA) Sterling Transportation bolsters all-star lineup with the addition of Lance Small as Chief Strategy Officer.

Sterling Transportation is excited to announce the appointment of Lance Small as its new Chief Strategy Officer. With over 40 years of experience in the transportation industry, Lance brings a wealth of knowledge and expertise to the role.

Small spent the first 20 years of his career in operations at some of the biggest companies in the industry. The last 20 years have been focused on the sales side of the business. His most recent position was Senior Vice President of Sales, where his primary responsibility was commercial strategies leading to accelerated LTL and FTL revenue growth.

In addition, Lance was instrumental in developing programs that improved VP-level leadership intentionality and productivity. He introduced a new application that connected sales and customer service for seamless customer engagement and sales data leverage.

As CSO of Sterling Transportation, Small will be responsible for leading its growth initiatives and executive leadership development. He will leverage his skills and experience to guide future expansion, refine internal processes, and spearhead the company's commercial strategy.

"Over the past year, we added a number of heavy hitters. Lance is the next critical piece of this dream team," said Keith Davis, CEO of Sterling Transportation, "He will guide the strategic direction of the company and lead our sales team. Over the past few years, Sterling has been on a mission to be better and bigger. Lance Small will help us do both. His track record of success and extensive experience in the transportation industry will be invaluable to our company. We look forward to his leadership and vision as we continue to grow and expand

our services."

"I couldn't be more thrilled to join the Sterling family and work alongside the talented team to drive the company's growth and success," said Lance. "With my 40 years of industry experience and dedication combined with leveraging Sterling's 30 years of industry excellence, I am confident that we can achieve purposeful growth."

Lance's appointment marks a significant milestone for Sterling Transportation, and the company is confident that his leadership will take the company to new heights. Sterling Transportation is looking forward to the future with enthusiasm, optimism, and a renewed commitment to providing excellent service to its customers.

About Sterling Transportation

Over the past 30 years, Sterling Transportation has become the leading provider of expedited LTL and FTL for Freight Forwarders and Airlines from the West Coast, Texas, and across the Southwest to Florida. The Sterling Transportation facilities in Los Angeles [LAX], Miami [MIA] & Houston [IAH] are all Container Freight Stations [CFS] offering devan, transloading, drayage, local pickup & delivery, and full warehouse services.

The Miami facility also functions as an In-Bond Export Consolidator [IBEC]. The company is U.S. Customs Bonded for the movement of cargo within the U.S. and, through Sterling Brokerage Services, provides FTL logistical solutions, including Flatbeds, Heavy Hauls, and Reefers, to/from anywhere in the U.S.

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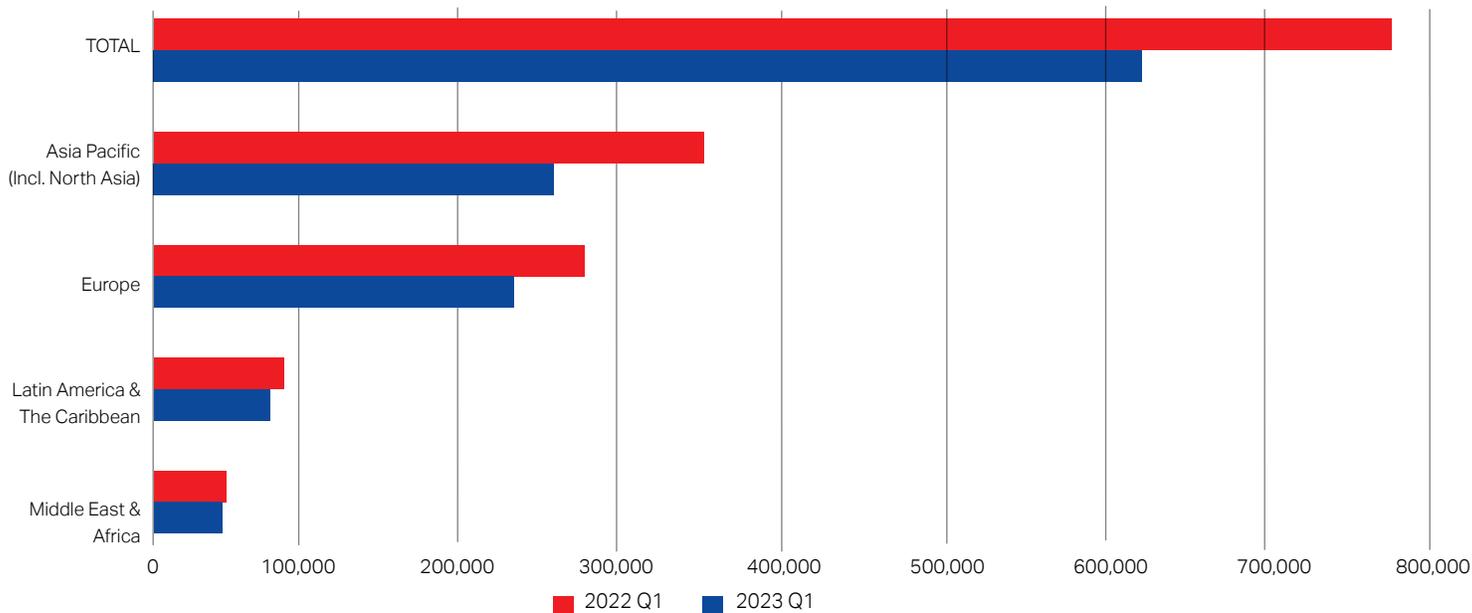


NOTE: For additional information, visit: www.sterlingtransportation.com



CASS-USA Market Monitor appears in every issue of CNS Air Cargo Focus Magazine. The Market Monitor is designed to highlight market trends till the most recent data month available. It provides both the year-to-date activity and monthly air cargo traffic trends originating from the United States to other regions based on CNS CASS-USA data. Additional detailed reports are available to CASS-USA Participating Carriers and CNS Endorsed Agents.

WEIGHT IN TONS



2023 Q1 Weight in Tons		2022 Q1 Weight in Tons		2023 Q1/2022 Q1	
Region	2023 Q1	Region	2022 Q1	Region	% Change
Asia Pacific (incl. N. Asia)	261,119	Asia Pacific (incl. N. Asia)	357,331	Asia Pacific (incl. N. Asia)	-26.9%
Europe	230,949	Europe	281,265	Europe	-17.9%
LatAm & The Caribbean	80,105	LatAm & The Caribbean	89,272	LatAm & The Caribbean	-10.3%
Middle East & Africa	48,628	Middle East & Africa	50,010	Middle East & Africa	-2.8%
Total	620,801	Total	777,879	Total	-20.2%

2023 Q1 Shipment Count		2022 Q1 Shipment Count		2023 Q1/2022 Q1	
Region	2023 Q1	Region	2022 Q1	Region	% Change
Asia Pacific (incl. N. Asia)	246,427	Asia Pacific (incl. N. Asia)	259,101	Asia Pacific (incl. N. Asia)	-4.9%
Europe	209,363	Europe	211,713	Europe	-1.1%
LatAm & The Caribbean	81,595	LatAm & The Caribbean	76,978	LatAm & The Caribbean	6.0%
Middle East & Africa	63,403	Middle East & Africa	58,663	Middle East & Africa	8.1%
Total	600,788	Total	606,455	Total	-0.9%

MARCH 2023

In March, US export revenue decreased by 32% y/y, compared to decreases of 28% in February and 24% January. Yields were reported to decrease by 19% y/y in March, compared to a decrease of 11% in February and 6% in January. US Tonnage to Asia Pacific and North Asia decreased by 23% y/y in March compared to decreases of 24% in February and 29%

in January. Export tonnage to Europe decreased by 16% y/y in March compared to decreases of 19% in February and 13% in January. Overall y/y results for Q1 2023 (January to March) statistics reflected a 29% decrease in revenue, a 20% decrease in tonnage and a decrease in yield of 13%.



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- Digitized cargo processes through DFW Cloud Data sharing platform
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For more information, visit dfwairport.com/cargo



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