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On the Cover
Andrés Bianchi
Chief Executive Officer
LATAM Cargo

Summer 2022

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President's Corner

Remarks by Frederic Leger



Frederic Leger

Greetings! I'm excited to be communicating with you at this momentous time for our industry.

Air cargo has demonstrated its resilience over the past 2 years. We have emerged from the crisis stronger and the pandemic has shown the value that the air cargo supply chain brings to economies and communities. At the same time, we face a number

of new and emerging challenges in the form of soaring fuel prices, rising inflation and the conflict in Ukraine. Added to these are the ongoing concerns around supply chain disruptions and the requirement to achieve environmental sustainability.

Addressing all of these challenges will require a team effort. As President of CNS, my goal has been to foster greater cooperation across the industry (regulators, shippers, agents, brokers, truckers, forwarders, handlers, airports and airlines) and to support the industry with the necessary services and initiatives in order to thrive. Operating at the highest levels of safety and security remains critical. Additionally, we need to serve better our customers becoming even more competitive to the alternatives in terms of speed, reliability, efficiency and quality. We also need to demonstrate that we can lead in addressing sustainability.

The CNS team made some good progress on the roadmap defined by the CNS Advisory Board and will continue to push the CNS agenda in these areas:

- **Safety and Security:** Improving staff competency in DGR handling through innovative training and certifications. DG Compass, a training simulator, is now available to ensure that staff are properly trained on DGR labeling and acceptance.
- **Speed and Efficiency:** Supporting the introduction of a new billing and settlement system with new and advanced functionalities. The US will be the launch market for the new CASSLink in Q3 this year, making it more operationally effi-

cient and user-friendly.

- **Customer satisfaction:** Piloting an industry survey of key stakeholders to identify pain points and improve customer satisfaction; Cargo 360 has been discussed and scoped with the CNS Advisory Board and we will progress it during the last part of the year.
- **Sustainability:** Supporting the industry target to achieve net-zero carbon emissions by 2050 is paramount. We will be working on an "engine" to calculate accurately air cargo emissions using based on an industry standard methodology for the calculation of carbon emissions.

As you can see, this is an ambitious agenda. In view of my other responsibilities, I believe the interests of CNS are best served with a full-time leader who will be better positioned to bring these key activities through to fruition.



Laura Pullins

That's why I'm excited to announce that in June 2022, Laura Pullins will become President of CNS. Laura brings a wealth of experience in supply chain logistics, digitalization and technology.

I know she is eager to work closely with you to drive further change for air cargo.

It has been my honor and privilege to serve this industry and I look forward to meeting many of you at this year's CNS Partnership Conference. Your participation, engagement and feedback help to make CNS a stronger organization that delivers tangible results benefitting the entire air cargo community

Our industry is built on partnerships and the CNS community is where we have the opportunity to strengthen and grow sustainably.

Frederic Leger



NOTE: For additional information, please visit: <http://www.cnsc.net>

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Resurging as Partners

Notes from the Editor's desk



Alexis Dames

As the logistics industry emerges from the pandemic, other challenges including demand destruction and signs of recession are on the rise. To counteract these headwinds, self-reliance is giving way to partnerships and collaborations.

There is genuine momentum for partnerships. In this issue, industry leaders present examples of teamwork resilience and partnership advantages. Andrés Bianchi shares his partnership experience

to ensure vaccine transport and improve container turnaround times. Michelle Halkerston discusses the strong ties that exist between team members and customers and how customer satisfaction is built by working in synchrony. Patrick Moebel discusses innovative solutions put in place to ensure flexibility and the importance of strong leadership. Lothar Moehle describes how a membership organization relies on member collaboration to improve the industry's air cargo products. Amanda Barlow speaks about recent cyberattacks on logistics companies. Crawford Hamilton discusses how customer feedback helped to create the A350F's most in-demand features. And in our Legal Perspective column, lawyer and aircraft financing expert, James Collins, discusses green issues in aviation finance.

This issue also includes Enfoques, CNS's first column written entirely in Spanish. CNS recognizes our growing US Hispanic audience and Latin American readers. The topic addressed in this inaugural column is "Sustainability through Decarbonization."

The articles and interviews in this issue form a couple of common threads. First, is the idea that through joint efforts we can ensure our industry meets the needs for critical transport while successfully navigating changing market dynamics and political landscapes. Second, leaders of the logistics industry are increasingly cognizant about sustainability and how their decisions could impact the earth for future generations.

This year, a record number of attendees will work together at our conference in Phoenix. It is a testament to the importance

these stakeholders place on nurturing relationships, exchanging ideas and finding new ways to steer through the unforeseen. The CNS Partnership Conference welcomes industry professionals including shippers, airlines, forwarders, ground handlers and other stakeholders. They will present the latest views on sustainability topics, economic outlooks, congestion and other relevant points. There has never been a more crucial time to reunite, listen and establish important connections between stakeholders. Conference attendees will also have an outstanding opportunity to gather insights, draw lessons from data and catalyze new ideas during these uncertain times.

Oh, did I mention the world-class golfing experience? Where else could all of this happen? Everyone knows that the cargo industry meets at CNS.

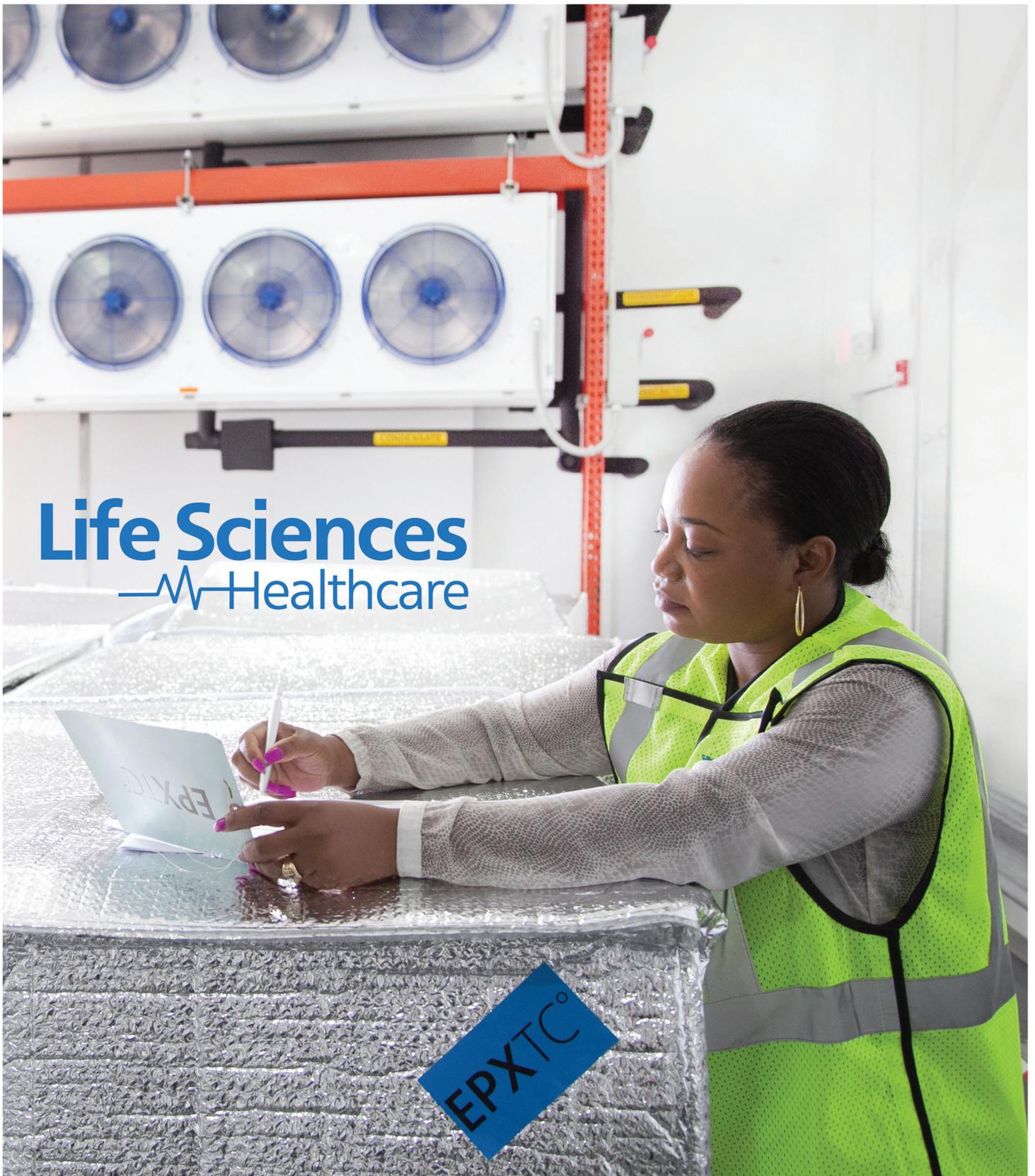
I would like to take this opportunity to welcome the new president of CNS, Laura Pullins, and wish her much success in this new chapter of CNS' proud history. I would also like to express my gratitude to Frederic Leger for his instrumental leadership and support during his time as president.

Alexis Dames Vandenberg
Editor



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We welcome your comments, opinions and suggestions regarding the present and future issues of CNS Air Cargo Focus Magazine. The Summer 2022 edition of this publication is available online at www.cnsc.net



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Hassett Logistics

Interview with Michelle Halkerston, CEO

by Alexis Dames



Michelle Halkerston

About Michelle Halkerston

Michelle Halkerston is a business leader who combines extensive experience in logistics and technology with a passion for developing high-performance teams and creative customer-centric solutions.

Since acquiring Hassett in late 2013, Halkerston has led strategic initiatives to position the transportation and logistics company for scalable growth while continuing to

provide customers reliable and flexible solutions.

Focus: Describe Hassett's role within the freight forwarding industry.

Halkerston: Hassett is one of America's largest domestic airfreight forwarders, although we like to keep a low profile. We focus on providing an exceptional customer experience through a combination of deep industry knowledge, innovative technology and strong partnerships. To better reflect the company's new direction and offerings, we rebranded from Hassett Express to Hassett Logistics.

Focus: What structural changes has Hassett integrated to better serve its customers?

Halkerston: Three years ago, we restructured around service verticals to support customers in areas including eCommerce, events logistics, self-service kiosks, retail rollout projects, education, gaming, and printed material.

The updated corporate structure was designed to support growth while also enabling the company to withstand downturns. When the pandemic hit in 2020, one of our largest business segments—live events—shut down completely. Hassett redeployed personnel to service its other verticals. 2020 also underscored Hassett's strong culture of teamwork and trust built over many years. That teamwork and trust extends to our transportation partners.

Focus: What are the greatest challenges of time-definite cargo?

Halkerston: One of the greatest challenges of time-definite air cargo is a reliable network and sufficient capacity. Both areas were significantly impacted during the pandemic. However, our strong airline partnerships helped us navigate through these difficulties.

Focus: How would you describe Hassett's culture?

Halkerston: Many of our team members have worked here for over 20 years, so there is a history of shared experiences and successes. Our growth has allowed us to recruit new team members with varied skills and knowledge.

All of our teammates – whether here for 90 days or 30 years – share certain core values and an attitude towards business that strengthens our ability to support customers across service lines. These include a get-it-done work ethic, emphasis on the details, curiosity to learn and improve processes, and a persistent focus on our customers' needs.

We have a strong team of problem-solvers who understand the trust that our customers have placed in us.

Focus: What are the most rewarding aspects of your position?

Halkerston: I am very fortunate to work with such a great team. Their commitment to service excellence and how they meet the daily challenges of moving expedited freight are inspiring. I also enjoy watching the success of our customers, who represent up-and-comers as well as leaders in their respective industries. It's gratifying to know that we play a small part in their businesses.

I also sit on several advisory boards that support progress in the logistics industry. I am impressed by the work being done to further supply chain education, the advancement of women

in leadership roles, and technology innovation.

2020 underscored Hassett's strong culture of teamwork and trust built over many years. That teamwork and trust extends to our transportation partners.

Michelle Halkerston

About Hassett Logistics

At Hassett Logistics we have established a foundation based on quality and efficiency while proudly serving the transportation industry for over 40 years. Our primary focus on reliability, excellence, & customer service sets us apart from other transportation providers.

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From the Top: Andrés Bianchi

Chief Executive Officer LATAM Cargo

by Alexis Dames



Andrés Bianchi

About Andrés Bianchi

Andrés Bianchi's experience in the airline business spans nearly 17 years, twelve of which he has spent in the air cargo business. He held various positions in the financial, operations, and commercial departments. In April 2017, he was appointed LATAM Cargo's Chief Executive Officer.

Between 2010 and 2017, Bianchi served in multiple roles at LATAM Cargo including VP Finance, SVP Network, and SVP Sales & Revenue Management for North America, Europe, and Asia.

Prior to joining LAN Cargo, he worked at McKinsey and Company from 2008 to 2010. Between 2002 and 2006, he moved to the US to pursue his MBA, all while working for LAN Airlines as Head of Investor Relations.

Bianchi holds a degree in Business Administration from Universidad Católica de Chile and a Master of Business Administration from the Wharton School of Business, from which he graduated with honors.

Focus: In 2019, LATAM Cargo adopted the CROAMIS Cargo Management System. How has this program evolved and what can customers expect?

Bianchi: Implementing CROAMIS is one of the cornerstones of our future development. Before CROAMIS, our systems were outdated. We were unable to add the functionalities our clients needed, had higher costs and faced reliability issues. Using different systems for domestic and international platforms made integrating those networks difficult and generated an extra cost burden.

CROAMIS is a state-of-the-art platform that is modern, robust and scalable. It enables us to offer customers more service channels, provide better information and move faster. Features like its multi-hub routing engine allow us to better use our network. As a software-as-a-service platform, it is easy to scale up in order to handle the growing transaction volumes associated with our expansion plans and eCommerce growth. Last but not least, CROAMIS will better enable our data analytics efforts.

Implementing CROAMIS has been a three-year journey and we are very happy with the results. The international network became operational in mid-2021 and we are now rolling out several tools that will improve our customers' interactions with us. The next phase will be transitioning our domestic operations, including Brazil, in the second half of this year. Since our current domestic systems are one of our biggest weaknesses, we are extremely enthusiastic about the improvements this transformation will bring to our customers.

Focus: One of LATAM Cargo's notable services is FLEX, which initially provided service for customers with dry cargo that now includes perishables. How does FLEX optimize LATAM Cargo's operations?



LATAM Cargo B767-300 on the ramp. Photo courtesy LATAM Cargo.

Bianchi: FLEX is a time-definite product aiming to give customers more transit time and pricing alternatives. As a hybrid carrier that operates a multi-hub network, we can offer customers various ways to get from A to B. With FLEX, our customers choose a time frame for delivery and we choose the best way to get their cargo to its destination on time. In exchange for that flexibility, customers have access to lower rates. In terms of service, FLEX's on-time performance is equivalent to that of our Express product. It's a win-win situation.

Focus: The pandemic grounded passenger carriers while air cargo recorded record loads. How did LATAM Cargo service its customers during the passenger groundings?

Bianchi: It was extremely challenging as roughly 55% of our total lift was provided by passenger bellies before the pandemic. As we realized the pandemic's impact on our passenger operations, we launched a series of initiatives to mitigate the capacity we were going to lose. We had two aims: to allow our customers' cargo to keep moving while supporting our parent company financially.

We increased our freighter utilization by 15-20% by adjusting routes, optimizing slots and reducing tarmac times. We also added over 50 passenger-freighters to our 11 freighters, and operated in new stations in response to emerging needs such as PPE shipments or vaccines. In summary, our network during

the pandemic was completely different from the one we had operated three months before. This enabled us to keep our countries connected and to provide our customers with the lift they needed.

Focus: LATAM Cargo received its second B767 Boeing Converted Freighter and is expecting 2 Boeing 787 Dreamliners and 70 Airbus A320NEOs. Were these aircraft planned to fulfill future cargo lift?

Bianchi: We believe that strategy should drive network design, and network design should drive fleet selection. Since air freight is a core business for LATAM, our fleet plan is built taking into consideration both passenger and cargo requirements.

Our B777 and B787 have superb cargo capabilities on long-haul routes. On the other hand, A320s are very useful and have distinct advantages on short-haul routes, which will receive a further boost with the addition of the NEOs. In terms of freighters, we believe that the Boeing 767-300F is the optimal aircraft for both the type of network we operate and the commodities we transport. As a cargo team we are extremely satisfied with our overall fleet structure.

Focus: What capacity and benefits will the B767-300BCF offer cargo customers?

Bianchi: The B767-300BCF is ideal for the network we fly.



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While it performs extremely well on the eight-hour segments we fly from Miami to South America, we can also profitably fly from Europe to South America or do short domestic flights in Brazil. This generates a virtuous cycle as we can leverage the resulting economies of scale. As a medium-sized freighter, it fits the market sizes from, to, and within South America. We can operate more frequencies and fly cleaner, more efficient itineraries than the ones we operated when we had freighters.

Those advantages led us to embark on the expansion project that will take us from 11 freighters to between 19 and 21 B763 freighters by 2023. While part of this extra capacity will be deployed on the O&Ds we currently fly, a sizable portion will be utilized to open new routes. The idea behind these new routes is to work closely with our customers and create new options to better connect South America to the world.

Focus: LATAM Cargo serves many countries. How important is Miami and Brazil to LATAM Cargo's operations? What new US markets will be served?

Bianchi: Miami is the heart of our freighter operation and is also where many major customers have their offices. That is

why our cargo headquarters are located here. We are extremely pleased with our Miami facilities. MIA has always been friendly and continues to be increasingly helpful.

Brazil is the largest import market in South America and therefore has a major role in our operations. It also has the largest domestic market in the region. São Paulo/Guarulhos is our main international passenger hub as well as the core of our domestic network.

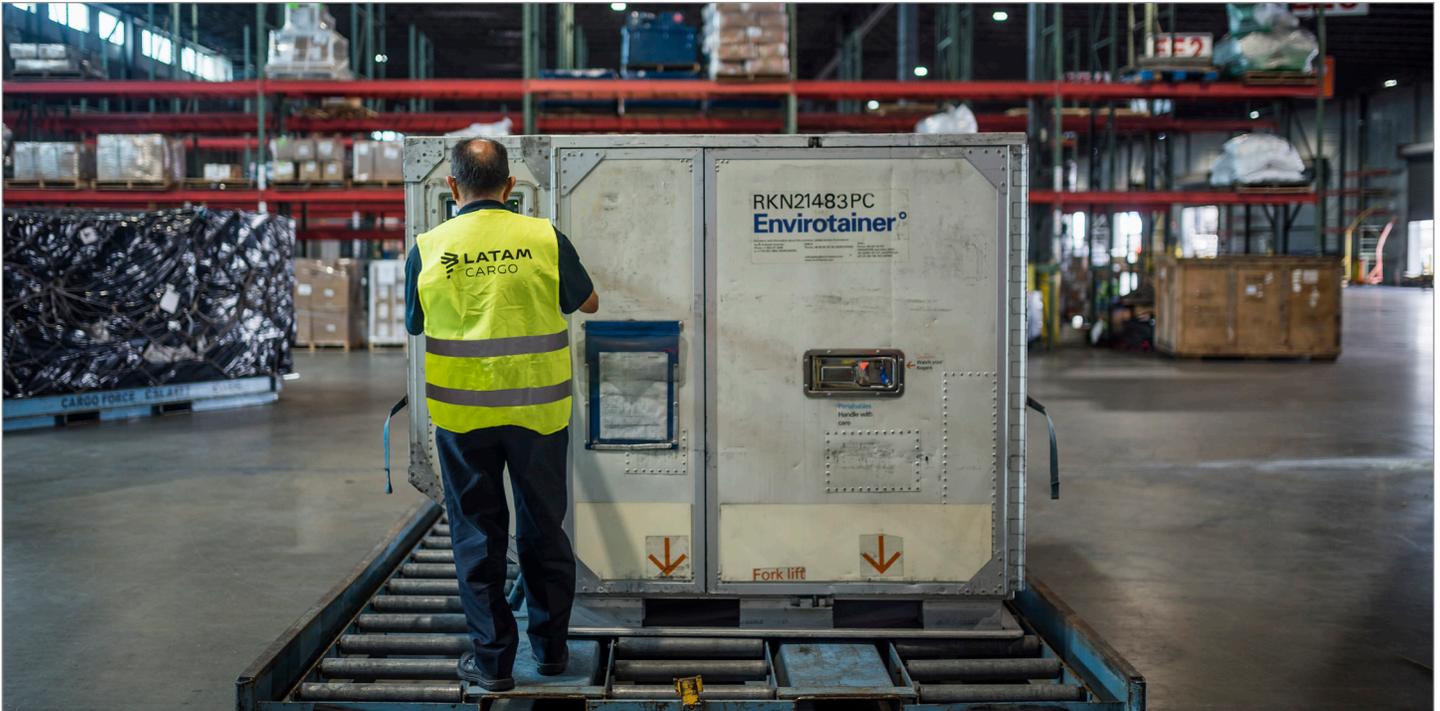
While Miami and São Paulo will remain critical to our network strategy, our plan is to open new stations in North America, Europe and South America. We will announce them gradually over the next two years and believe they will bring a lot of value to our customers through faster transit times.

Focus: There are secondary airports in the Midwestern United States that are working to attract international customers. Has LATAM Cargo considered these alternatives?

Bianchi: One aspect of the pandemic is that it forced us to rethink how we operate. As airports became more congested, a number of secondary airports have become interesting alternatives. An interesting factor driving this is that secondary



Loading operation. Photo courtesy LATAM Cargo.



Active Pharma Transport. Photo courtesy LATAM Cargo.

airports sometimes understand the cargo ecosystem better. We are looking at partnerships with our customers to explore some of them and we plan to make some announcements in the short term.

Focus: What did the LATAM organization learn from working through the pandemic?

Bianchi: The pandemic taught us many valuable lessons and validated some of our core beliefs. It proved the value of air cargo, especially to society, regulators and shippers. Thus, it demonstrated that the investments LATAM had made over the years in building a strong cargo unit were the right choices. More importantly, it confirmed that building and keeping a strong and talented cargo team across all functions and levels was the correct decision. While we need planes and systems, this business depends on people and we couldn't be prouder of the team we have.

A second key lesson is that agility remains essential to this business. Cargo is a fast-paced business, but during the crisis, things were moving faster than ever. Our teams were able to redeploy assets practically overnight. We opened new stations in record time, in countries we had never operated in before. We challenged long-standing paradigms almost in real-time. To do all this we (almost unconsciously) streamlined and decentralized our decision-making processes, enabling our teams to move faster and more creatively.

Another important lesson was the value of partnerships. For example, when we started planning the transportation of vaccines, we realized that the turn-around time for temperature-controlled containers would be key. To solve this, we developed an alliance with two key suppliers to be able to turn these containers around faster. The pandemic showed us that partnerships don't need to be complex and that by sharing we can generate real win-win scenarios.

Focus: Has LATAM Cargo been involved in transporting relief aid for the Russia-Ukraine conflict?

Bianchi: Yes, we have shipped food and emergency housing for displaced Ukrainians free of charge. We did so under our Solidarity Plane program, which provides lift for humanitarian crises and natural disasters. We work with governments or NGOs, who are more familiar with ground logistics, to ensure the cargo is handled adequately at the destination. For instance, we recently signed an agreement with UNHCR, a UN Refugee Agency, to support their efforts in the coming years from both the passenger and cargo sides.

Focus: LATAM Airlines Group earned a top spot in the S&P Global Sustainability Yearbook. How has LATAM Cargo contributed to this effort?

Bianchi: Sustainability is a critical pillar for LATAM. The S&P award recognizes our commitment and sustainability efforts.

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We were pleased to be highly ranked in risk management, environmental goals, human capital, and more.

LATAM Cargo actively participates in all these initiatives. We are devoting a lot of effort to reduce the environmental impact of our activities. This means working on CO2 mitigation as well as waste reduction. To address the former, we have implemented a program in which we offer our customers the possibility to offset emissions by investing in internationally certified conservation projects. In order to foster adoption, we are willing to share the cost on a 50/50 basis. We are also evaluating SAF alternatives. Our commitment is that SAF accounts for 5% of our fuel burn by 2030. In terms of waste reduction, we are working on several circular economy initiatives with a special focus on significantly reducing single-use plastic in the near future.

Focus: How far has LATAM Cargo traveled on its digital transformation path? Can fully digitized air cargo supply chains be integrated into LATAM Cargo's operations?

Bianchi: A modern, quality customer experience in cargo requires a strong digital component. Real-time tracking, convenient booking channels, and digital paperwork are no longer "nice-to-have" options. Now, customers demand digital options and will choose to do business with airlines that provide digital integration.

Four years ago, we started working on transforming our busi-

ness along those lines. On the international front, we have almost completed this transformation and we are rolling out multiple tools to make our customers' experience better. We are easing the burden that outdated processes had on our employees, readily adopting industry standards and offering better decision tools. We expect our domestic business to follow suit later in 2022, so that by mid-2023, LATAM Cargo will have one of the best digital offerings in the cargo industry.

Unfortunately, a single carrier's digital experience is not enough to satisfy our customers' needs. A digital supply chain is only as strong as its weakest link. While various players across different stages of the chain have invested in upgrading their systems and processes, there are still areas in which this is not happening fast enough. For instance, we need customs to update regulations, update their systems and streamline their processes. We also need standards such as IATA's ONE Record, to be broadly adopted. Only then will the industry have a 21st century supply chain.

Focus: What user experience upgrades will be available to LATAM Cargo customers?

Bianchi: On the commercial side, we are expanding the number of ways customers can interact with us. This includes our website, host-to-host connections, and being present in digital marketplaces. Our aim is to have a broad offering so that customers select what works best for them.



Avión Solidario / Solidarity Plane. Photo courtesy LATAM Cargo



Perishables transport. Photo courtesy LATAM Cargo.

Focus: What is LATAM Cargo's approach to safety and how does it affect planning?

Bianchi: Safety is our number one priority. Nothing comes before that and we consistently reinforce that message throughout the organization. Safety includes everything from making sure people are operating in a safe environment, optimizing processes and training, improving the detection and handling of dangerous goods, etc.

Safety is another area in which industry-wide cooperation is critical. There are constant changes to the risk elements surrounding air cargo. Working together on assessing risks and finding ways to mitigate them, goes to everyone's benefit. For instance, information sharing on subjects like lithium batteries is extremely useful. IATA has done a good job creating a reporting tool to help understand the issues. All organizations should embrace these types of initiatives because the more data we all have, the better.

Focus: Flowers and fish are key exports of Colombia and Ecuador. What other commodities offer LATAM Cargo expansion opportunities?

Bianchi: The South American export matrix has not changed in decades. The number one export is flowers followed by salmon, firmly in second place. Going forward, South America could offer interesting manufacturing alternatives for certain products currently produced elsewhere. While the market will decide how and when to adjust, at LATAM we are committed to supporting this process by connecting South America to the world.

Focus: As eCommerce cargo grows, which customers and countries benefit most from your network?

Bianchi: The growing eCommerce trend includes packages that come in all shapes and forms. While consumers in most countries benefit from the convenience of domestic eCommerce, the advantages of cross-border shipments are very attractive for South American consumers. For various reasons, the breadth and depth of product offerings in some



Vaccine Loading. Photo courtesy of LATAM Cargo.

of our countries are more limited than those in larger, more developed markets. Cross-border offerings allow customers to access a much wider array of products. Even as processes are still cumbersome, consumers are actively taking advantage of this opportunity.

We are well-positioned in domestic markets as we have robust networks in most of them. We also directly transport packages between the US and Europe and South America with our own operations. We also have signed agreements to distribute shipments from Asia to South America using our regional network.

Focus: Please address LATAM Cargo's warehouse network program and temperature-controlled cargo.

Bianchi: Temperature control cargo is at the core of what we do and is required for nearly half of the cargo we move. We constantly update our cold chain capabilities including the latest modifications to meet Perishable and Pharma customer requirements. We operate major temperature control facilities on our major hubs to manage the flowers, salmon, and vegetables we handle. We have been CEIV certified since 2017, and have developed a strong Pharma product that proved its

worth by enabling us to transport 460 million COVID19 vaccine doses.

Focus: What are LATAM Cargo's one- and five-year projections?

Bianchi: The current environment makes making projections a challenging exercise, had this conversation taken place in December, my answer would have been drastically different. In a few months we had to adjust to the war in Ukraine, surging fuel prices, and the manufacturing lockdowns in China. The potential impact of high inflation on economic activity creates an additional source of uncertainty. Because of all these factors, making predictions about the remainder of 2022 is particularly hard. Having said that and unless we see a dramatic economic downturn, it still looks like it will be a solid year in terms of cargo volumes and rates.

After what we have experienced in the last five years, I wouldn't dare project the next five years. However, we do see certain trends. While volumes may be higher than those before the pandemic, the return of passenger capacity will bring rates

down. We also expect volatility to remain high. We believe the best way to manage this is to stay close to our customers, remain agile, and have a very competitive cost base. Most, if not all, of our key initiatives are aimed towards those goals and mutually reinforce each other. For instance, our commercial strategy is supported by our IT plans. Our decision to expand our B763F fleet makes us inherently agile as they can perform a wide array of missions at a very competitive price. Furthermore, our freighter fleet plan fits our alliance strategy including our planned JBA with Delta Airlines, as this generates multiple options for our integrated network. These initiatives require the right talent and structure to respond effectively and rapidly to changes. Our people strategy focuses on addressing these challenges. In summary, we expect the next five years to be ripe with changes, and we are positioning ourselves to leverage the opportunities that will certainly appear.

Focus: What advice could you share with the next generation of airfreight leaders?

Bianchi: Sounds cliché, but I would say, "Never stop learning." Since this industry is affected by an amazingly high number of external factors, there is always something happening. As a result, there is never a dull day. This means that you need to constantly work on figuring out how elements are moving, connecting the dots, and making effective decisions. The challenging and fun part is that those elements are moving and changing faster than ever. Yesterday's mental models may become obsolete very quickly, so you need to keep learning to adapt them to a new reality quite frequently.

Focus: What is the most rewarding aspect of working in the air cargo industry?

Bianchi: Rationally speaking, I'd say it's seeing the results of the problem-solving efforts we undertake. The challenges we face, whether it is developing a network strategy, launching a customer program, or solving operational disruptions, are fun and you are able to learn in real-time what you got right or wrong. Emotionally, it's the impact on people's lives. I remember when we brought the first vaccine doses to Chile. The vaccines were carried on a passenger aircraft. When we informed the passengers on that flight of what was being transported, they burst into cheers. To this day, it still gives me chills and is the best "customer feedback" I have ever received. That's certainly one of my most rewarding and tangible memories.

Editor's note:

LATAM Cargo is expecting two more BCF deliveries this year and up to six in 2023.

About LATAM Cargo

LATAM Airlines Group is South America's leading airline group. It operates in five domestic markets across the region: Brazil, Chile, Colombia, Ecuador and Peru, and provides international service within Latin America and towards Europe, the United States and the Caribbean. The Group's fleet is composed of Boeing 767, 777, 787, A321, A320, A320neo and A319 aircraft.

LATAM Cargo Chile, LATAM Cargo Colombia and LATAM Cargo Brazil are the cargo subsidiaries of LATAM Airlines. They have access to the belly of the Group's passenger aircraft and have a fleet of 13 freighters that will gradually expand until reaching between 19 and 21 freighters by 2023. They operate within LATAM Group's network as well as on cargo-only international routes, offering modern infrastructure and a wide range of services and care options to meet our customers' needs.



Note: For information on LATAM CARGO visit: www.latamcargo.com



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From the Top: Lothar Moehle

Executive Director Cargo iQ

by Alexis Dames



Lothar Moehle

About Lothar Moehle

Moehle's career in the logistics industry spans over 45 years. He acquired transportation and supply chain experience through his work in European, Arabian and African countries. He also gained knowledge in ocean freight, land transportation and the integrator field. Moehle specialized in the airfreight industry and served as Director of AVSEC and Governance for the Global Airfreight Organization of DB Schenker.

While with DB Schenker, Moehle actively contributed to and served in major organizations including DSLV, CLECAT, FIATA, IATA, EVAAS. Moehle worked with the EU Commission, the TSA and CATSA.

Moehle was involved in Cargo 2000 and Cargo iQ from its inception. In January 2022, Moehle became the Executive Director of Cargo iQ. He supports the Cargo iQ Management Team and assists Cargo iQ members by improving the quality of the air cargo industry.

Focus: What Cargo iQ standards will change under your leadership?

Moehle: Upon my arrival, a good team was in place and working on Cargo iQ projects that began over two years ago. Rather than delaying projects and revising directives, my strategy was to work with the team to finish ongoing projects. Other newly appointed executive directors take the onboarding time to reorganize and change the norm. I would rather work with existing teams to benefit our members and concentrate on core activities.

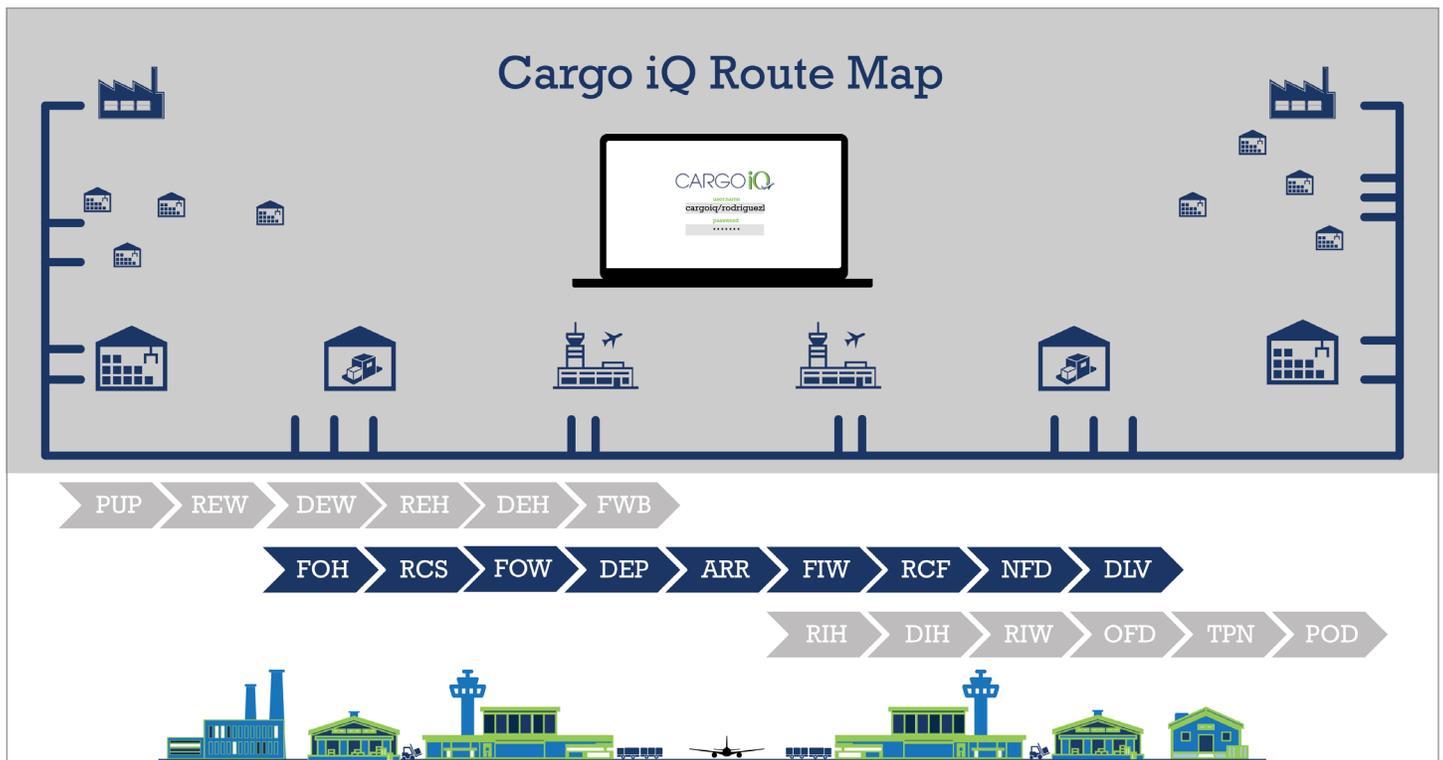
Ultimately, our standards are driven by the Master Operating Plan (MOP) and we work within those guidelines. As an organization, we write specifications that reflect the main strategy of raising quality and helping members improve air cargo products for their customers.

Focus: What IT changes are scheduled for Cargo iQ?

Moehle: Technology is a constantly changing factor. Cargo iQ members decide what programs work best for them. We use the IATA One Record program as a reference to better understand how Cargo iQ members can take advantage of this program, while complying with the Cargo iQ quality Management System and visibility standards. Beyond updates, there are no plans to integrate additional technology into Cargo iQ.

Focus: Does Cargo iQ membership include IT companies?

Moehle: Among our members, there are several IT companies who joined Cargo iQ because of our status as a quality organization for the air cargo industry. We are open to any stakeholder in the air cargo industry, provided it makes sense for both parties and that quality remains the main focus. Cargo iQ members include airlines, freight forwarders, ground handlers, airports and IT companies.



The Cargo iQ Route Map. Courtesy of Cargo iQ.

Focus: Is Cargo iQ open to SME participation?

Moehle: There’s been a misconception in the air cargo industry that Cargo iQ is a club that only major airlines and forwarders could join. This has never been our intention and is simply not true. We have always embraced small and medium sized companies.

We have been successful regarding yields from airlines and forwarders, but mergers and acquisitions are a normal part of business. For example, 20 years ago, DHL was four or five companies that through mergers and acquisitions became today’s DHL. The same occurred in 2008, when Northwest Airlines was absorbed by Delta Air Lines.

After realizing it was difficult for smaller companies to join, we made a calculated decision to reduce our membership fees in order to attract more SMEs. Today, these businesses can join Cargo iQ for \$500 a year. We have always been available to the SME community and now have made joining Cargo iQ even more attractive.

Focus: Please describe the functions of Cargo iQ.

Moehle: To provide clarity, Cargo iQ does not have or sell products. Cargo iQ is a membership organization with an overarching theme to help members become better service providers for their customers. If our membership requests we work on a particular transportation facet, that is where we will focus our efforts. Our members apply Cargo iQ principles and thus generate quality data, which allows for quality analysis. With our

members from the Ground Handler and Road Feeder service operators we have worked on specific processes to enable even smoother hand-over processes among the individual stakeholders.

On the export side, one example of the importance of collecting data points happens when a ground handler needs measuring points along the transportation chain, especially when a shipment is turned over to the ramp handler. A second example on the import side, is when a shipment is received from the aircraft’s ramp handler and taken into custody. The data for these hand-over points provides critical information. Cargo iQ established the possibility to measure and plan these points for every shipment through a custom route map. The generated data is analyzed to understand and provide answers to where and when a shipment went wrong and how the transportation chain can be improved.

Focus: How many shipments can Cargo iQ track?

Moehle: We don’t sell tracking platforms for running shipments. This is done by IT providers on behalf of their customers and our community. As far as Cargo iQ goes, we are limitless. Our focus is always on our customers. There is a strong commitment from all our members to measure 100% of their shipments within their own network.

Focus: Does Cargo iQ use outside technology providers?

Moehle: Yes. Our members have investments and projects in new technology including Starlink, AWS and others. Currently,

› From the Top: Lothar Moehle, Executive Director, Cargo iQ

Cargo iQ offers its members one service, a data warehouse where we store measurable historic data. We provide our members with an output of their data. Members have the ability to benchmark and compare their data with that of the Cargo iQ community. For example, a member airline can measure and compare their data with a community of cargo airline members.

That is the service we offer. For our purposes, we focus on the measurable data and use external IT provider computers for storage.

Focus: What does the recertification process entail?

Moehle: Everything is ruled by checklists, which are used by the organization and the auditor to evaluate if the member is working in accordance with Cargo iQ standards and regulations. This checklist is detailed and geared towards Cargo iQ member expectations.

Auditors use the checklist to guide the questions and when satisfied, they validate that the audited company is working in accordance with Cargo iQ specifications. Once completed, the member is issued a three-year certificate. The audit cost is included in the yearly membership fee. Members pay no additional charges for auditing services.

Focus: What projects are in the Cargo iQ pipeline?

Moehle: Overall, we are fine tuning member requirements. For example, if you have an airfreight shipment that moves from a small or offline station for an airline, and goes to an online station, the airline would normally use a road feeder service to transport the goods. Some of our members are not quite up to date on how to measure pre-transport, and that is one project we are working on.

At the same time, we are looking into better smartphone tracking technology for the trucking industry. We are evaluating apps to track a driver's delivery times including shipment pick-ups, departures, arrivals and pertinent driver information that can be sent to the airline.

We are working on another project that benefits airline customers. Example, a company might require additional services such as cold storage while the shipment is in transit. The airline can offer this service, but the request must be corroborated in advance with its ground handling company. Through a care protocol, this information can be passed from forwarder to airline, then from airline to ground handler. Care protocol ensures that all parties know exactly how each shipment should be handled.

Focus: How does Cargo iQ make quality measurable?

Moehle: The shipper community is expecting measurable quality and transparency. As Cargo iQ we created a system where through specifications, route map planning and constant verification of planned vs. actual data, quality is measurable. In order to reach this point, we had to define and split the transportation chain into various sections, reflecting the actual involvement of the various stakeholders. All of this is documented in our Master Operating Plan (MOP) and several specifications. Also, we established certain milestones as a route map to view the actual shipment movement compared to the plan. If something doesn't follow the plan, then quality isn't good. This is how we started and why we say we make quality measurable, which did not exist before Cargo iQ was founded.

Focus: How does Cargo iQ identify measuring points?

Moehle: Along the transportation chain there are numerous measuring points, starting with the FOH handover from the forwarder to the airline. Next, is the RCS which is not only an electronic message, but also the Ready for Carriage check by the airline or ground handler during the final check to insure the shipment is ready to be loaded on or off the aircraft. Typically, these are ground handler functions, which we plan and measure. The airline knows how the ground handlers are performing and can compare their activity with other ground handlers. At Cargo iQ this is how we plan and measure the quality of our shipments handled by airlines for the forwarders along the transportation chain. Cargo iQ does not handle shipments; we just created the standards on how to measure it. We also created the IT structure specifications for our members to implement. Every shipment is measured and our members get a route map.

Focus: How will implementing Cargo iQ eliminate digitization resistance?

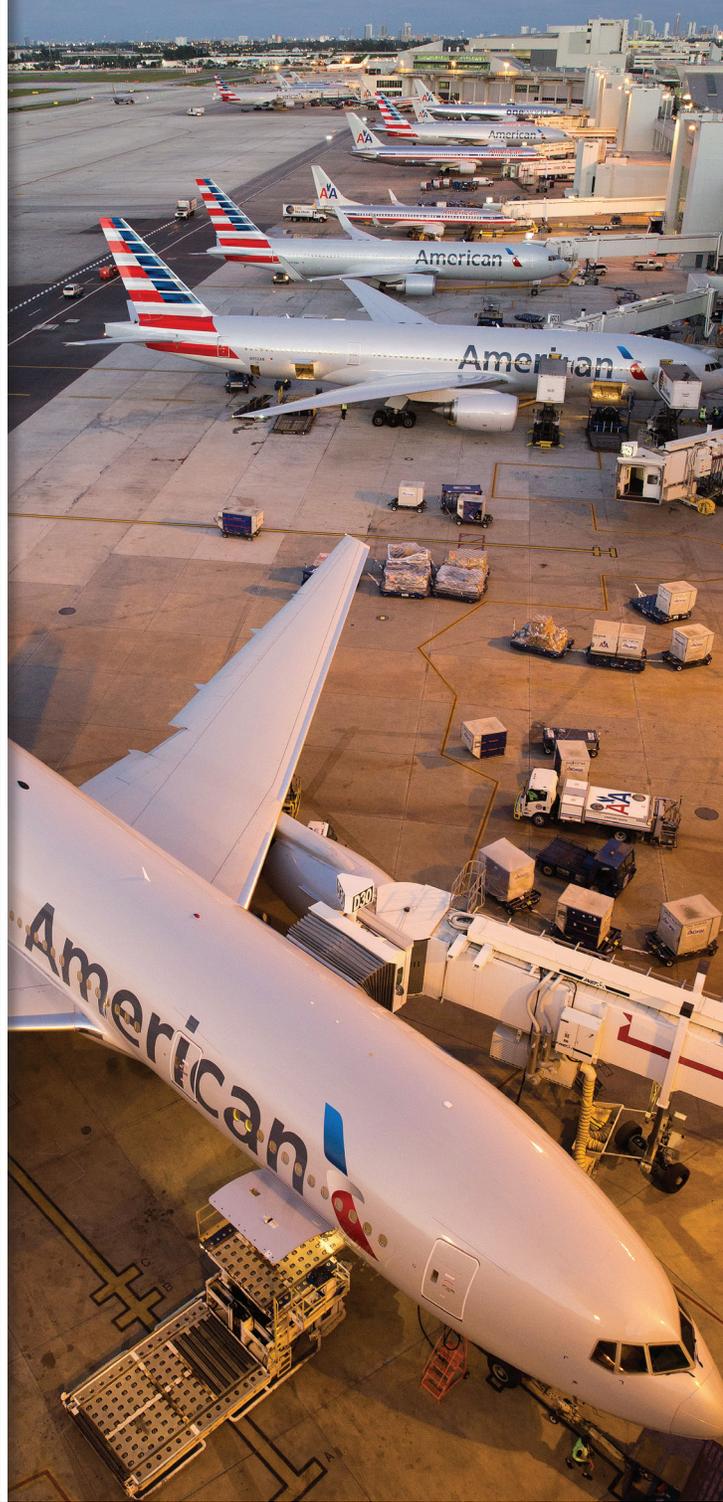
Moehle: Cargo iQ is part of the process towards full electronic dealings within our industry. Our entire system is based on electronic information exchange between stakeholders along the transportation chain. What remains are the ground handling companies or some customs authorities that want a paper airwaybill. Ideally, they want a seal or stamp on that paper. Despite the paper-based process and because of the electronic messaging behind it, these activities can still be measured.

At some point, the parties will agree that the paper-based process is obsolete and then they will start working together to eliminate paper. I have seen this happen many times. Overall digitalization is strongly supported by Cargo iQ initiatives,

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- 163 Belly Cargo /108 Freighter Destinations
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Cargo iQ Milestones. Courtesy of Cargo iQ.

although we are not in a position to enforce it.

The real drive towards these great initiatives is coming from the shipper community, as they expect electronic information in order to have real time visibility and a higher level of transparency for regulators. The TSA-ACAS initiative requires advanced cargo screening information at origin, before the aircraft is loaded and arrives in the US. Advanced cargo information systems must be done electronically. We support our members through their digital transformations.

Focus: Does Cargo iQ prefer a specific tracking system?

Moehle: Shippers in the pharma industry expect full visibility on each individual shipment. This can be achieved by placing electronic trackers into every shipment in order to receive GPS and other data tracking information. This would be the ideal solution. Unfortunately, some airlines don't allow certain trackers on board the aircraft, because of electronic interference controls. While their concerns are valid, it is still an obstacle for the industry to overcome. GPS tracking is a factor that shippers are demanding. Increased attention from the airline and air cargo industry may help the GPS movement to become a reality.

Focus: What standard did Cargo iQ employ to collaborate and share data?

Moehle: We created the Route Map standard, which splits the entire movement of a shipment from point A to point B. Along these sections, we created standards that consider whether a handover point between forwarder and airline has a ground handling company in between, or if the airline is assuming this segment. For example, some airlines – at their home base or very large gateways – are considered Self-Handlers and operate without intermediary ground handlers. Some freight forwarders have their own truck delivering the shipment to the export airport, or they might use a subcontractor truck or have the airline offer a collection service. For each scenario, we created the standard for who and what has to be measured.

Focus: How were Cargo iQ members helped during the pandemic?

Moehle: Despite the challenges airlines and forwarders faced, air cargo continued to be delivered. Our role didn't change significantly. We created standards based on a shipment's requirements. We retained visibility, measuring points and reporting capabilities. The controlling and quality perspective of Cargo iQ carriers and members did not suffer.



Cargo iQ 25th Anniversary Logo. Courtesy of Cargo iQ.

Focus: How does technology vary from country to country?

Moehle: In a country, the core utility capabilities must be available to establish an electronic messaging environment. In some remote places of the world, the stakeholders in the transportation chain be it forwarder, airlines or ground handlers, do not always have reliably access to these technical capabilities. They are able to buy a computer, but electricity and internet are not always guaranteed and messaging might not be possible. However, these routes and concerns are documented and this information is given to our auditors.

Focus: What is the most challenging aspect of enhancing air cargo supply chain visibility?

Moehle: Initially, the most challenging part within the Cargo iQ community was to get all members to agree on one standard. We had many discussions to – for instance– agree on the milestone to define exactly what a Departure entails. Debating between “off-block” time or “wheels up” time. Over the years, we managed to align definitions, wrote the specification for the IT providers, created the planning, visibility, and measuring Cargo iQ Data Management Platform (CDMP), and introduced the Quality Management System with the help of our members – for our members.

Focus: How is the auditing and certification process handled?

Moehle: There is already a constant check in place between the airline and forwarder. For example, when an airline departs on time, that message must be delivered to the forwarder. Any discrepancy gives a clear indication that something is wrong. It is up to the airline and forwarder to work together and ascertain what went wrong.

When it comes to auditability, we created a complex member’s

checklist, which features audit procedures that must be followed. The member has to prove that they are ready to be audited and have done everything we requested. When a member is ready, we organize the checklist and send an auditor. Today, that might be a virtual visit. This is how the auditing and certification process is handled.

Focus: How can CNS members help establish Cargo iQ as an industry standard?

Moehle: Today’s Cargo iQ members include major airlines and forwarders around the world. But there are many small and medium sized airlines, forwarders, ground handlers and others, who are not members yet. This year, I will attend the CNS Partnership Conference in Phoenix to increase membership, especially in the SME community. I will also be available to answer any questions that potential members might have. The members who join will be part of the Cargo iQ quality community.

Focus: Where do you see Cargo iQ in three to five years?

Moehle: One aspect we discussed was digitization, which is now taking place throughout the industry. Cargo iQ members will adopt and meet new challenges and requirements. Because of all the challenges being presented today, none of us can clearly see where the industry will be in three to five years. But I am certain the shipper community will increase its demand for good quality service.

I know, that the Cargo iQ organization and its management team will work with our members to ensure they are able to meet these challenges and to provide above and beyond customer service.



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

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From the Top: Patrick Moebel

President FedEx Trade Networks

by Alexis Dames



Patrick Moebel

About Patrick Moebel

Patrick Moebel is president of FedEx Trade Networks, an air and ocean freight forwarder, Customs Brokerage provider, eCommerce specialist, and trade services facilitator under FedEx Logistics. Moebel is responsible for the performance and strategic direction of the company. To drive successful global commerce, he provides a laser-focus on markets served and customer needs. He works closely with the FedEx Logistics leadership team to promote synergies within the FedEx Supply Chain and operational alignments with FedEx Freight, FedEx Express, and FedEx Ground to help serve their customers.

In January 2021, Moebel joined FedEx Logistics, having previously worked in Europe, Asia, and the Americas. He brings

over 30 years of experience in the brokerage, supply chain and transportation industries to his new role. Throughout his distinguished leadership career, he has excelled as a collaborative global citizen, team builder and communicator. Most recently, he served as president of the Americas at a renowned global logistics company. His credentials include the successful transformations of sizable forwarding and brokerage businesses on a country, regional, and global level.

Moebel's father and grandfather both worked in the freight forwarding industry, so he has grown up with and had an interest in logistics his entire life. A native of Basel, Switzerland, he speaks English, French, and German fluently.

Focus: What other modes can shippers use to work through supply chain issues?

Moebel: We encourage our customers to remain flexible to all possible ocean port calls, multiple ocean carrier options, various container sizes, and alternative inland modes. Additionally, we provide air freight capacity for more urgent shipments.

We also continue to look for innovative solutions. One example we are offering our customers is the option of 53-foot containers on charter vessels to alternative ports. This solution helps cut costs and transports goods to their destinations more quickly. FedEx enhanced its national fleet of surface and drayage providers, including an expanded dedicated chassis pool in southern California. In addition to traditional inland rail, together with FedEx Freight, we have developed a trans-load solution on the West Coast providing expedited inventory movement.

Focus: How did FedEx collaborate with the White House's Supply Chain Disruptions Task Force?

Moebel: As mentioned, our work to provide solutions to stabilize supply chain disruptions includes participation in the White House Supply Chain Disruptions Task Force focused on solutions for port congestion. While visiting the Los Angeles and Long Beach ports, we met with port officials, trucking carriers and others. It was clear that connectivity between terminals, customers, truckers and railways is critical. We have begun to collaborate with these stakeholders on a few key integrated solutions.



Container Ship. Photo courtesy FedEx Trade Networks

Focus: How has COVID-19 impacted operations and service?

Moebel: COVID-19 had a disruptive impact on labor availability, industry capacity, and global supply chains. While the global economy is rebounding from the pandemic, particularly as vaccination rates rise, we are seeing significant changes in buying behaviors and a lack of available capacity across the transportation industry. The world is experiencing supply chain whiplash, especially within the ocean container side of the equation.

We are proud of our 600,000 team members who worked tirelessly to deliver the best possible service. As we move into a new world of expanded eCommerce, FedEx will continue to develop innovative solutions to meet the demand.

As previously mentioned, we are collaborating with various stakeholders to help alleviate port congestion and increase shipping container movement at U.S. West Coast ports. FedEx added more capacity across our networks so we could be an ally to our customers, especially the small businesses that power the global economy. We've taken bold action to hire and invest in our frontline team members. We have added targeted pay premiums, special incentives, and have increased tuition

reimbursement, among other things, to help recruit and retain team members.

Focus: What are some of the lessons learned from the pandemic and increased eCommerce demand?

Moebel: First, I would say the importance of strong leadership and fast decision-making is key. We keep team member safety top of mind in everything we do, through safety protocols and constant communication. We have shared challenges, adjusted to the unexpected, and continued to enforce safety procedures. These steps enabled us to provide capacity and keep essential supply chains running.

Second, we have all witnessed the importance of global supply chains. This is true not only for global commerce but also for the delivery of vaccines. It's not every day that you help save the world, but that's what happened in December 2020, as thousands of FedEx team members received, sorted, loaded, and delivered the first vaccines to help fight COVID-19. In the U.S. we distributed 300 million doses in the first year. We spent years building our network for a time like this and it makes us thankful that we did.

Finally, we learned that eCommerce will continue to grow.

FedEx has prepared for years for the growth of eCommerce. When the virus spread, service providers closed and many consumers spent more time and money online. COVID-19 accelerated digital commerce and eCommerce growth significantly. Pre-COVID, FedEx projected that the U.S. domestic market would reach 100 million packages per day by calendar year 2026. The market is now expected to hit that by calendar year 2022, with eCommerce contributing to 88% of the total market growth.

Focus: What are some new developments at FedEx Trade Solutions?

Moebel: FedEx recently launched FedEx Trade Solutions to potentially help customers save money, become more efficient, and work to achieve regulatory compliance when navigating a maze of international trade rules and procedures. We present a unique bundle of services that fit our customers' needs, including compliance evaluation and compliance training, product classification, foreign trade zones, duty and tax recovery, government-trade partnership programs, trade agreement programs, and custom bonds. In conclusion, a customer is able to cover all of its international trade and transportation needs with FedEx Logistics.

Focus: How has FedEx prepared for sustainability and technological developments?

Moebel: We recognize that long-term business health is directly linked to a thriving planet. At FedEx, we have a long-standing mission to connect the world responsibly and resourcefully.

We have announced our goal to achieve carbon-neutral operations by 2040. We're also designating more than \$2 billion of initial investment in three key areas: vehicle electrification, sustainable energy, and carbon sequestration. We have pledged another \$100 million to help establish the new Center for Natural Carbon Capture at Yale University.

Blockchain is another trend in technology that will likely change how we do business. Blockchain is a shared, immutable ledger that facilitates the process of recording transactions and tracking assets in a business network. It is a simple yet brilliant way of passing information from point A to point B in a fully automated and safe manner.

I always compare the growth of blockchain to when shipping containers were invented. Containers revolutionized physical flows — and blockchain technology will revolutionize the flow of information, for example, in customs clearance and other touchpoints. As with shipping containers, at some point, a

standard will be established for blockchains, simply because the added value will be so great, including for governments, by the way, whose interests we should not underestimate. We're working directly with governments on this issue and are well represented on all major blockchain committees. I would describe this as strategic pioneering.

Focus: How will IT innovation and automation impact the logistics industry?

Moebel: Sensor-based logistics, blockchain technology, and artificial intelligence will all be critical for managing supply chains in the future. Our vaccine transportation is an excellent example. FedEx is utilizing SenseAware ID monitoring technology and our Priority Alert service to track vaccine shipments as they move through its U.S. network. We have dedicated customer support agents who are monitoring vaccine shipments. FedEx is ready to intervene should issues such as weather, traffic congestion, or customs clearance cause delays and threaten delivery times.

Another growing trend is robotics and automation, especially in warehousing. Our supply chain business continues to find new ways to leverage voice, light and automation. We do this to improve speed and accuracy, lower eCommerce fulfillment costs and improve the return processes. Our optimization solutions are all linked with an AI component. This strategy needs to be an essential part of any IT modernization process.

About FedEx Trade Networks

FedEx Trade Networks provides worldwide freight forwarding services utilizing whatever modes and carriers most effectively support your cost and scheduling needs. We integrate air and ocean freight forwarding, customs brokerage, trade and customs advisory services, and other value-added services.

FedEx Trade Networks integrates international freight forwarding, customs brokerage, trade and customs advisory services, and other value-added services to create comprehensive solutions. Our worldwide network provides optimum flexibility with access to new products and new markets. Our global visibility provides access to your supply chain — with timely, accurate details — so true optimization becomes possible.

Whether you use our services individually or in combination, FedEx Trade Networks gives your business the ability to craft a more efficient, more cost-effective global trade solution — simplifying your supply chain and enabling you to focus on your business.



NOTE: For additional information, please visit: www.ftn.fedex.com

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Sustainability Focus: The Airbus A350F

Interview with Crawford Hamilton, Head of Freighter Marketing, Airbus

by Alexis Dames



Crawford Hamilton

About Crawford Hamilton

Crawford's interest in aviation started with family trips out for dinner at age 7 at the Grill at Glasgow Airport in Scotland. After his first flight in a Vickers Viscount from Glasgow, it looked as if his destiny was to work in aviation.

He graduated with Honors in Mechanical Engineering from the University of the West of Scotland. During his studies, he was selected for internships in British Caledonian Airways, GE Caledonian powerplant overhaul and at Douglas Aircraft in Long Beach, California.

Crawford secured his first aviation job with Britain's third-largest airline, Dan-Air, in the Engineering Division as a Project Engineer.

He then undertook a Master's degree in Air Transport at the

University of Cranfield where his previous experience enriched the whole learning process. As part of his studies, he completed a thesis for Rolls-Royce.

In 1995 he moved to Toulouse to work with Airbus in Airline Marketing. He then left France in September 2001 to take over Airbus marketing in the Pacific region – based in Sydney, Australia.

Crawford returned to Toulouse in 2007 to a role in the marketing and development of the A330, including the A330-200F, as well as successive A330 upgrades which improved range and reduced fuel burn. Crawford also worked on the A330neo program and helped to successfully launch this model.

Since 2020 he has been in Airbus Freighter Marketing with responsibilities for expanding the market share of the Airbus passenger to freighter conversion program with EFW and ST Aerospace.

Focus: What features were implemented in the A350F to specifically accommodate cargo customers?

Hamilton: In addition to the A350F's low fuel consumption, fifteen tonnes of additional structural payload was designed into the aircraft for a total of 109 tonnes. Compared to the B777F, the A350F will weigh 32 tonnes less at take-off due to its lighter composite fuselage and center wing box, while burning around 20% less trip fuel. All A350F operators will benefit from lower landing and navigation costs.

One key aspect of the A350F is that its payload can be more evenly distributed along the length of its fuselage floor allowing loading flexibility. This is possible because the A350F's floor beams are designed with the highest running loads in the industry, which is available for most of the main-deck pallet positions. By contrast, the B777F's maximum running load over most of its cargo floor is much less than the A350F. This excludes the center section where floors are stronger in all aircraft.

The A350F's higher running load capability, over most of the floor, will provide superior pallet loading flexibility and CG management. A350F operators can utilize the full 6.8 tonne maximum certified limit for a 96" x 125" pallet in 20 of the 30 pallet positions, whereas the B777F offers six pallet positions with a 6.8 tonne pallet capability, with the rest limited to lower loads.



* vs current competition aircraft

A350F Features. Photo courtesy of Airbus.

Operators should also consider the A350F's extra-large composite main deck rear cargo door, featuring an opening angle of 65° with a clear opening that measures 146.5" x 124" that enables large engine transportation (T1000 / T7000 / TXWB) and long pallet loading.

The A350F has a reinforced main deck cargo floor and an optimized Cargo Loading System—CLS. The flexibility of the main-deck CLS inside the aircraft provides up to six positions for these engines to be directly latched, instead of using straps. The use of latches not only minimizes turnaround time but also frees up adjacent space for two extra pallets.

Focus: What features are standard for pharma and perishable cargo?

Hamilton: The A350F has five temperature control zones. Full temperature control in all cargo compartments as standard on the A350F to adapt the temperature between 4 and 25 degrees, and system segregation to have fresh air supplied to the cockpit (avoiding propagation of smell from the cargo area during animal transportation).

Focus: What A350F features best accommodate general and express international customers?

Hamilton: The A350F general cargo layout includes a main-deck capability of 30 (96" x 125") pallets, plus a lower deck that accommodates 12 (96" x 125") pallets.

The A350F express cargo layout offers a main deck that can accommodate 30 AM-base containers, while the lower deck can accommodate 40 LD3 containers.

The A350F is a balanced aircraft for ground operations: no tail tipping, CG range, cargo loading. The freighter also features a new courier area with up to 11 seats, which is separated from the main deck by a rigid barrier wall. Fine temperature control per compartment on both decks makes this aircraft the best option for general freight and express international markets.

Focus: Will heavy-lift cargo be an issue for A350F customers?

Hamilton: Customers have demanded heavy-lift capability on the B747-400F that the A350F will replace. The A350F is capable of carrying double the number of large engines in its center row configuration than the B747-400F. It also allows all large freight cargo configurations with 16/20ft pallets in SBS configuration.

Both the B747-400F and the A350F have a Super Heavy cargo preposition over the wing box allowing them to carry project cargos such as heavy generators up to 62,500 lbs.

Focus: Why would a customer choose an A350F over a B777F?



Artist rendering of the A350F in flight. Photo courtesy of Airbus.

Hamilton:

A350F over a B777F

- 11% more volume (71 cubic meters ~3.5 main deck pallets)
- 3 tonnes more payload
- 32 tonne lighter take-off weight
- 300 nautical miles more range at an equivalent payload
- 20% better economics (lower cash operating cost) per tonne per trip
- New engine technology and aerodynamically optimized design
- 20% less fuel burn and 20% lower CO2 emissions vs B777F
- The only freighter meeting 2027 ICAO emissions standards
- Fly-by-wire and the most modern cockpit & avionics flying today
- Airbus A350 family commonality in crew, spares and operations

A350F vs B747-400F

- Same volume
- 30 tonne lighter airframe (Empty weight)
- Up to 40% lower cash operating cost per tonne per trip
- Approximately 40% less fuel burn and 40% lower CO2 emissions vs B747F
- All the benefits of 2-3 generations of technological advances

Focus: What is the Airbus forecast for global freighter demand over the next two decades?

Hamilton: Our forecast is given over a period of 20 years. By 2040, we see demand for approximately 2,440 freighter deliveries with nearly 900 new builds. We project express cargo to grow at 4.7% CAGR and general air freight to grow at 2.7% CAGR.

Focus: How do customers benefit from choosing A350Fs over P2F conversions?

Hamilton: The A350F has an unrivaled efficiency and capability that more than compensates for the higher investment cost. The A350F aircraft in high-utilization operations will be more sustainable, lowering fuel consumption and CO2 emissions by 20% while reducing its noise footprint by 50% versus current competition aircraft. Currently P2F Airbus aircraft operate in small and medium segments; the A350F is a large freighter with a 109 tonne payload.

It is obvious that Airbus aircraft are unrepresented in the large freighter market where there is currently a monopoly. Due to several factors, Airbus believes now is the time to give customers choices. The new CO2 regulations from ICAO and aging 747 Freighters gives us a replacement market in which to compete.

Focus: Which passenger airlines are scheduled to increase their freighter expansion programs?

Hamilton: We are engaged with present and future customers on their fleet needs. Over 65% of working freighters are 20+ years old. We expect a wave of replacements on all segments in this decade. We are in ongoing discussions with current and potential customers.

Focus: Why was the Trent XWB engine chosen for the A350F?

Hamilton: The Trent XWB has the lowest fuel burn of any in-service engine and when combined with the modern A350F platform will deliver the lowest fuel burn of any large freighter. This new generation powerplant has already proven itself in-service with over 99.9% engine reliability.

Focus: Will additional Trent XWB engine conversions be necessary to accommodate SAF?

Hamilton: Today, there are more than 10,000 in-service Airbus commercial aircraft certified to fly with SAF and synthetic fuel. When using these Airbus-supported fuel types, aircraft can benefit from significant reductions in CO2 emissions. SAF is an extremely important part of the aviation roadmap to reduce our industry's CO2 emissions, as all existing aircraft can already run on a SAF blend of up to 50%.

Airbus believes SAF has the potential to become a major driver for CO2 reductions in commercial aviation, for existing and future fleets. We aim to achieve certification of 100% SAF for use on our aircraft fleet by 2030 which will exceed today's allowed maximum blend of 50%.

The Trent XWB is fully compliant with these goals.

Focus: Why are A350F aircraft a more sustainable choice than their counterparts?

Hamilton: The A350F is the world's first and only true new generation freighter, offering 20% less fuel burn and 20% lower CO2 emissions than the B777F. The A350F has over 70% of the airframe made of advanced materials resulting in a 30 tonne lighter take-off weight versus direct competitor aircraft. It is the quietest in class with a 50% noise footprint reduction versus previous generation aircraft. The A350F's advanced technology enables a step change of up to 40% better economic and fuel efficiency versus older generation freighters, such as the 747F.

The A350F is the first to meet the latest ICAO CO2 emissions standard that will come into effect at the end of 2027. The A350F will have a clear advantage since no current competitor aircraft will meet this standard demand until later in the decade. In addition, the B747-400F is now coming to the end

of its life. In 2025, with the A350F's entry into service, a wave of retirements will occur and the A350F program is designed to fit these opportunities.

Focus: What can you share with our readers about the A350F wing design?

Hamilton: The A350F wing is truly innovative. It is designed to morph and change shape in flight, optimizing the wing profile for better load control, optimal efficiency and to lower fuel burn.

Focus: To accelerate Airbus' final assembly for the A350F, will Airbus modify its town-to-town convoy program?

Hamilton: The A350F will be built on the same assembly line as the A350 passenger aircraft. There will be no change in the industrial process and the BelugaXL aircraft will continue to be used, just as it is being used for the passenger aircraft assembly process.

Focus: Why was the rear main-cargo-door design chosen, and how will cargo customers benefit?

Hamilton: We fully optimized the aircraft for freighter operations by doing two things. The first was to remove 5 frames from the front of the aircraft to ensure that the CG makes the cargo easily loadable and places the CG in the right place for efficient fuel burn. The second was to place the door at the back of the aircraft. This keeps the CG in the right place but also allows loading without the risk of tail tipping as the loaded ULDs will be placed facing forwards first. This will ease and simplify ground operations.

Focus: What part of the aviation industry provided input to maximize A350F benefits?

Hamilton: The A350F development has been driven by our customers. We have been in conversation with forwarders and experts for over seven years so what we have is very much defined by the industry. These exchanges are still continuing during the development process.

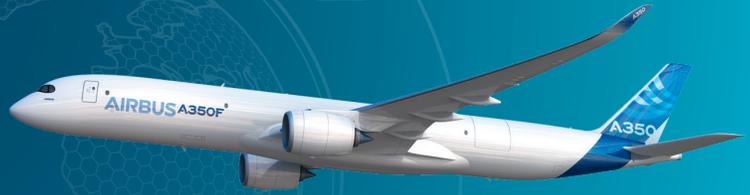
Focus: What can pilots expect in avionics enhancements and training?

Hamilton: The A350F has the latest technology and the most modern cockpit flying today. It includes a fly-by-wire cockpit -the electric & electronic control of the aircraft for envelope protection (safeguarding the aircraft structure from high stress)-, coupled with numerous aircraft protection systems like the Runway Overrun Prevention System (ROPS) "which is one of the most frequent incidents in commercial aviation, causing big disruptions and costs", a Wi-Fi Tablet Electronic Flight Bag, and dual head-up displays (HUDs).

With regards to training, the A350F brings a real edge to fleet

A350F

Shaping the future of airfreight



Modern & reliable platform



30t lighter MTOW*



99.5% operational reliability



Rolls-Royce

Trent XWB-97 engines
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20% lower CO₂ emissions*

Best Economics



11% more volume* (+5 pallet positions)



Longer range** (+300 nm)



Greater maximum payload* (+3t)



Same type rating as A350
Common type rating with A330



20% less operating cost*

Easy to operate



Large Main Deck Cargo Door



Simultaneous loading
of all decks



Flying **large, heavier** freight*



No tail tipping

The only true **new generation** freighter aircraft ready for new **ICAO** emissions standard

*vs current competition aircraft - ** at 100t payload vs current competition aircraft



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A350F Infographic courtesy of Airbus.

integration, thanks to Airbus Commonality, which extends from aircraft training to engine maintenance. For example, existing A330 operators can use the same flight crews and ground technicians as they do for A350 operations. In addition, the A350 and A350F share commonality for engine and airframe spares and tooling, leading to minimum additional investment and maximum operational flexibility and profitability. The A350F benefits operators as it shares the same Type Rating with the A350 and a Common Type Rating with the A330 family. The result is that only eight days of flight training are needed to certify an A330 pilot on the A350 aircraft, compared with 23 days for a non-Airbus pilot. The A350 family benefits from an Airbus support program that will seamlessly extend to the A350F. The A350F will take advantage of this proven platform that has already demonstrated strong maturity and a reliable support network from the same Airbus representatives.

Focus: To date, what has been the most significant milestone in the A350F program?

Hamilton: The most significant milestone to date is our new commitments for the A350F. Since 2021, we have had 29 A350F orders and commitments: 22 orders within 5 months after the launch and gaining a 19% share of the large freighter market. This includes seven aircraft from Singapore Airlines

(SIA), seven aircraft from Air Lease Corporation (ALC), Air France KLM group for four and CMA-CGM for four aircraft with a letter of Intent (LOI) from Etihad (ETD) for seven A350Fs.

About Airbus

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

Airbus is a leader in designing, manufacturing and delivering aerospace products, services and solutions to customers on a worldwide scale.

With over 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. We build the most innovative commercial aircraft and consistently capture about half of all commercial airliner orders. Thanks to our deep understanding of changing market needs, customer focus and technological innovation, we offer products that connect people and places via air and space.



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

Enfoques

Sustentabilidad a través de la descarbonización

Por Alexis Dames



Alexis Dames

Es un verdadero placer tener la oportunidad de presentarles la primera columna en español de la revista CNS Air Cargo Focus.

Para el equipo editorial, este espacio representa una oportunidad valiosa para reconocer la gran contribución que Latinoamérica ofrece en términos de transporte y logística. También, buscamos mejorar la comunicación con este sector importante de nuestra audiencia y amplificar nuestro mensaje más allá de las barreras idiomáticas.

Sin duda, uno de los temas más importantes a resaltar en este nuevo espacio, es el tema de la sustentabilidad o desarrollo sostenible. Ampliamente reconocido como una prioridad por la industria aeronáutica y organizaciones como la IATA, la ONU y la OACI, la sustentabilidad (llamada sostenibilidad principalmente en Europa) requiere un compromiso de todos los participantes en la cadena de valor.

Durante un foro celebrado en Bogotá en el mes de octubre de 2021, el director general de IATA, Willie Walsh, declaraba en torno a la sostenibilidad: "Todos reconocemos que la libertad de volar dependerá de nuestra capacidad de hacerlo de forma sostenible".

¿Cómo lograr un desarrollo sustentable?

Para avanzar de manera responsable y sustentable, es esencial que todos los participantes en la industria del transporte, logren descarbonizar sus operaciones hasta lograr la ambiciosa meta de cero emisiones netas de carbono para el año 2050.

A nivel global, se estima que el sector automotriz contribuye el 20,4 % de las emisiones de CO₂, la aviación en un 3,8 % y el transporte marítimo en 4 %.

Uno de los recursos más importantes a disposición de la industria aeronáutica para lograr la descarbonización son los combustibles sostenibles o biocombustibles, mejor conocidos como *Sustainable Aviation Fuels* -SAF por sus siglas en inglés.

Los SAF se fabrican a partir de residuos orgánicos, aceites vegetales, grasas animales, biomasa y otros residuos indus-

triales. También existen tecnologías que elaboran SAF a partir de CO₂ capturado y otros métodos ingeniosos.

El gran beneficio de los SAF, es que tienen propiedades muy parecidas al combustible Jet A/Jet A-1, utilizado virtualmente por todos los aviones jet que operan comercialmente. Pero, a diferencia de estos combustibles fósiles, el SAF cuenta con una menor huella de carbono. Produciendo hasta un 80 % menos de emisiones de CO₂ según un reporte de IATA publicado en 2018.

Existen a su vez otros métodos para reducir emisiones en desarrollo, como los motores eléctricos y la propulsión de hidrógeno, pero estos proyectos están a varios años de surcar los cielos, navegar los océanos o recorrer las carreteras *en masse*.

Por estos puntos y más, los SAF se consideran ampliamente como el mejor plan a corto plazo. Especialmente, porque ya se encuentran en uso alrededor del mundo y no requieren ninguna modificación al sistema de combustible o propulsión. Específicamente en EE. UU., los biocombustibles SAF que son certificados por la ASTM (American Society for Testing and Materials), ya se pueden utilizar directamente en cualquier motor a reacción moderno. Asimismo, los combustibles certificados por este estándar, no representan un cambio o inversión extra para los suplidores de combustible y los aeropuertos.

La Unión Europea por su parte, ya ha fijado un cronograma para la implementación gradual de SAF a nivel masivo. Las metas que han fijado, buscan la utilización de estos combustibles alternativos en la siguiente proporción: 2 % para 2025, 5 % para 2030, 32 % para 2040 y 63 % en 2050.

¿Por qué ahora?

Algunos expertos han determinado que la acción inmediata es fundamental para cumplir el objetivo del Acuerdo de París de limitar el calentamiento global en 1,5 °C. Un número que implica un compromiso y alineación sin paralelo de gobiernos, reguladores, aerolíneas y otros sectores.

En una próxima edición exploraremos las limitaciones que afectan la elaboración de SAF, los factores que influyen sus precios y los programas de prueba que tienen las aerolíneas más grandes de América Latina.



NOTA: Para más información visite: <https://www.cnsnc.net>



Environmental Reform

Green Issues in Aviation Finance

James Collins, Stephenson Harwood LLP



James Collins

About James Collins

James is legal expert helping investors and operators to finance, manage and trade their aircraft assets. He is a partner at Stephenson Harwood, a leading international transportation law firm with a strategic focus on decarbonization.

A recognized expert in the sector among the top legal directories, James has a strong reputation for delivering commercially astute and solution-driven legal advice across a broad spectrum of asset-backed transactions. James works collaboratively in partnership with clients to deliver best value.

Financial and Environmental Reform

Front and center across the aviation industry, is environmental reform. Being “green” is not simple marketing puff, but a key driver to decision making by investors, management teams and, perhaps most importantly, customers throughout the industry. In the air cargo sector, stakeholders and customers, across the supply chain have led calls to accelerate the decarbonization agenda.

In this article, we seek to explain why environmental reform has become so significant, and explore opportunities for the financial community to support “green” initiatives across the commercial aviation industry.

The 2015 Paris Agreement on Climate Change

Environmental reform became a headline issue for the aviation industry in 2015 with the signing of The Paris Agreement, a landmark international treaty between 174 nations with the original objective of limiting global warming to no more than 2°C above pre-industrial levels. To achieve this objective, the agreement set up a binding framework requiring each national signatory to review and set targets to reduce greenhouse gas emissions (GHG), with the goal of reaching net zero globally by 2050.

Governments committed to the Paris Agreement have had to consider GHG intensive industries and their future role in national and global economies. Public scrutiny of this topic has intensified over the past couple of years in reaction to growing consumer and voter pressure. Environmental reform is now a mainstream issue in the public consciousness. Today, governments and corporations have adjusted their environmental priorities accordingly.

Commercial Aviation Relevance

Commercial aviation is a GHG-intensive industry. In 2019, The International Air Transport Association (IATA) reported that commercial aircraft were responsible for around 915 million tonnes of CO₂ emissions, approximately 2% of global CO₂ emissions. Those figures fell in 2020 and 2021 in line with operating restrictions applicable through the pandemic but are expected to rise again as more aircraft return to the skies.

The number of commercial aircraft operating globally is also expected to grow significantly. Boeing projects global fleet growth of 3.1% annually between 2021-2040. Anticipated growth across the air cargo sector is even higher at around 4.6% annually. This growth will increase both the level and the aviation industry’s share of GHG emissions, at odds with both the objectives of The Paris Agreement and broad public sentiment.

Consequently, commercial aviation is having to take meaningful and robust action to arrest production of GHG emissions and promote “green” behavior to mitigate its impact on the environment.

If the industry cannot regulate itself effectively, it can expect governments and supra-national bodies to do so in a manner that could impose greater operational restrictions and costs. A failure to address these environmental issues could also make the sector less attractive to investors and increase the cost of capital for operators. In 2021, IATA warned against the reliance on taxation as the solution for cutting aviation emissions; a combination of alternative industry-led solutions should prove more effective.

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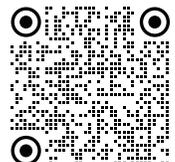


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The Role of Finance

Many of the solutions proposed for a greener future in aviation will be reliant on public-private finance initiatives. The financial industry understands its role in facilitating ambitious environmental changes.

Governments have already committed significant funds toward key infrastructure projects. In the short to medium term, the US administration has dedicated \$4.3bn to fund sustainable aviation fuel production initiatives and support the transition to “greener” solutions. Given the limitations of public financing, it is expected that the private sector will be called to bear most of the burden of mobilizing longer-term funding.

Banking groups and alliances committed to environmentally responsible investment strategies have come together. The UN-convened Net-Zero Banking Alliance (NZBA) brought together banks, representing around 40% of global banking assets, committed to bringing their lending and investment portfolios in line with net-zero emissions by 2050.

In 2022, six transportation bank members of the NZBA formed an aligned aviation working group, the Aviation Climate-Aligned Finance Working Group (CAF), with the objective of creating a consistent framework to assess and disclose GHG emissions produced on financed aircraft and to fund lower carbon solutions and technologies.

In January, a separate group of twenty aviation banks and leasing companies formed an association known as IMPACT to promote data transparency and drive “green” investment into the aviation industry. The future looks promising with these established associations and other investors looking independently or within a sector at “green” financing opportunities.

Opportunities for Financiers and Borrowers

There are a number of existing opportunities for financiers to support “green” initiatives in the aviation industry. This includes sustainable aviation fuel (SAF) infrastructure and production. SAF comes in a variety of forms that deliver up to 80% lower life-cycle GHG emissions than kerosene. SAF has the added advantage of being a drop-in fuel, that can be mixed with (or as an alternative to) kerosene without the need for major changes to aircraft design or supporting infrastructure. All Airbus and Boeing commercial aircraft are currently certified to operate on a 50/50 SAF/kerosene blend and both OEMs are working on initiatives to achieve 100% SAF certification. SAF is seen by many as the industry’s best hope for future GHG emissions neutrality. According to IATA, the use of SAF could contribute around 65% of the reduction in emissions needed to reach

industry net-zero targets by 2050. Governments and industry bodies are pro-actively promoting measures to develop SAF infrastructure and increase its production.

In the US, the Biden administration announced plans to support the production of up to 3 billion gallons of SAF annually by 2030. The UK has also announced significant public investment in future SAF production. In the EU, proposals are well advanced to require kerosene suppliers to incorporate SAF into the fuel supplied at EU airports. The proportion of SAF in blended fuel is expected to increase over time.

The investment in infrastructure needed to produce SAF (and its feedstocks) in the volumes required to support the future fuel burn of the global fleet cannot be underestimated. The role of private finance will become important sources of funding to realize infrastructure needs.

New Technologies

There are a number of projects in today’s market targeted at developing commercially viable electric and hydrogen-powered engines. ZeroAvia is working on the development of a hydrogen-electric powertrain to replace conventional short-range engines for 10-80 seat aircraft. ZeroAvia investors include Amazon, British Airways and Shell. Other start-ups including Ampaire and magniX, are working on similar projects. Airbus has also announced its ambition to launch the world’s first zero-emission commercial aircraft by 2035, developed through its ZEROe concept aircraft program.

In the longer term, financing support for the purchase of retrofit and other new technologies will be important to the adoption and use of these technologies. In the shorter term, the provision of corporate working capital products during the development phase could also prove valuable to the success of these projects. Albeit, in the absence of adequate security or shareholder support, such financing may prove prohibitively expensive.

Financiers may also consider supporting the purchase of new generation equipment where such purchase is part of a re-fleeting process, where newer, more fuel-efficient aircraft directly replace older, less fuel-efficient alternatives. It is yet to be determined whether financing new technology aircraft which operate using fossil fuel derivatives would prove sufficiently “green” which could leave financiers open to future claims of greenwashing.

Sustainability-linked Lending

Sustainability-linked (SL) finance products are used to incentivize better environmental and sustainability behaviors and

performance. Unlike “green” financing products, which are tied to a specific green project, such as the development of a SAF processing plant, SL financing proceeds are tied to the borrower’s performance against agreed sustainability performance targets (SPTs). Those SPTs need to be quantifiable and qualitative in delivering genuine environmental benefits. A recent Air France SL financing for example referred to increasing the airline’s future use of SAF across its fleet as a SPT. Etihad’s recent \$1.2 billion SL loan included among its SPTs a reduction in CO2 emissions per revenue tonne-kilometers.

Sustainability-linked products are more suited to aviation industry participants than green products, particularly to investment grade operators and leasing companies subject to corporate sustainability targets that are looking to improve their environmental, social and governance (ESG) score. Many airline groups, including Air France-KLM, IAG and Lufthansa Group (including Lufthansa Cargo) prepare annual sustainability reports. These operator groups are actively monitoring environmental performance and can identify quantifiable SPTs, with fewer barriers to using SL finance products.

Borrowers are financially incentivized to meet ambitious SPTs that deliver environmental improvements through the use of margin ratchets currently in the range of 5 to 15 basis points. The use of SPTs with consequences of failure to comply with those SPTs are often negotiated. As such, SL finance products may be an attractive option particularly given that funds can often be drawn for any manner of general corporate purpose.

The use of SL finance products by operators, and the provision of those products by financiers is good business. Companies evidencing a commitment to improve ESG performance are demonstrating good corporate behavior. These companies could be considered a more attractive credit risk to investors and environmentally conscious consumers than competitors who fail to take equivalent action.

The Key Challenge

While the potential for environmentally responsible investment in the aviation industry is significant, there is one fundamental challenge that needs to be overcome. To allow that potential to be fully realized, there needs to be a creation of consistent and clear market parameters by which environmental performance can be managed.

On the investment spectrum, financiers tend to lean towards risk adversity, particularly where investments are made on an unsecured basis, as is often the case with SL finance products. For financiers, especially those with consumer retail functions, the reputational impact of getting an investment decision

wrong and opening up future claims of “greenwashing” could be catastrophic.

Given the absence of clear market parameters to track environmental performance across most of the market, experienced transportation financiers have been reluctant to commit capital to “green” and SL finance products in the aviation industry.

In the EU, significant attention in the aviation financing and leasing market has therefore been placed on recent regulatory developments. The European Commission has put forward a series of regulations to promote growth in the green finance arena, most notably the Taxonomy Regulation. This regulation, seeks to establish an EU-wide classification framework that would enable the market to identify which economic activities and investments can be treated as environmentally sustainable.

The aviation sector, for the most part, currently sits outside the scope of the Regulation. The EC is now working on measures to determine the extent to which the Regulation can be expanded to include aviation activities and the outcome of that workstream is eagerly awaited. Once financiers have certainty as to where they can invest funds safe from accusations of “greenwashing”, we expect to see new activity for qualifying products. Several financiers have set up associations to share environmental performance data and collaborate on investment opportunities. We very much hope that regulators listen to the market when making their final determinations given the size of the task at hand for all industry stakeholders.

In Closing

Today’s aviation industry is ready for environmental reform and financier opportunities are promising. Once clearer parameters are set, whether centrally by regulators or by collaborative industry associations, the use of green and SL finance products will likely become a key feature of our industry.



NOTE: For information, please visit: <https://www.shlegal.com>

Cybercrime

Global Criminals Want Your Business

Amanda Barlow, Regional Vice President, Roanoke Insurance Group



Amanda Barlow

About the Author

Amanda Barlow is the Regional Vice President for Roanoke Insurance Group's Western Region. Barlow is a member of the Airforwarders Association Board of Directors and has over 15 years of experience in international trade and transportation.

To better service air cargo customers, industry leaders encourage members to embrace online

digitization. Unfortunately, this action could place individual companies at risk from cyberattacks. Cybercriminals can target attacks through unsecured computers, email, shared software, public network connections, IOT devices and more. Cyber-related attacks are more pervasive and damaging than ever before. According to a recent Forbes article, US businesses are reporting a 50% increase in cyberattacks every week.

Why are logistics companies so attractive to cybercriminals?

The logistics industry utilizes high-volume, transaction-based business models for time-critical services. Any downtime due to a cyberattack would be disastrous, and thus logistics companies are more likely to pay cyber ransoms to restore their operations as quickly as possible. Additionally, logistics companies are highly dependent on interconnected third-party software systems and reliant on service providers to maintain good cybersecurity protocols. This presents multiple access points for malware infiltration. When a weak link in cybersecurity is exploited, ransomware spreads quickly and inevitably through the entire chain of software systems.

Bad actors look for the simplest path to infiltrate multiple companies. Many logistics companies are small to medium-sized businesses that lack the resources for a dedicated IT department. These SME companies generally contract Managed IT Service vendors that manage data for many companies. Cybercriminals are especially attracted to Managed IT Service vendors because a single attack can infiltrate a vendor's net-

work and gain access to the data of multiple companies and hold them for ransom.

What types of cyberattacks are on the rise?

Digital transformation is essential to the success of freight forwarders who increasingly rely on online software solutions. As more business activities are managed online, in the cloud, or simply transacted electronically, bad actors have more opportunities to gain access to valuable data or to insert themselves in a forwarder's day-to-day electronic activities.

Ransomware, social engineering, and misdirected funds are the most prevalent cyberattacks facing businesses today. Of the three, ransomware poses the most dynamic and dangerous threat as it brings a business to a total standstill. Ten years ago, the threat of ransomware was neither as severe nor as frequent. According to a US Senate report, since 2020, US firms have experienced a 98% increase in ransomware attacks, which translates to about 20 ransomware attacks per second.

Ransomware is a type of attack instigated by "malware," a type of malicious code intended to lock data, unless released by the bad actor. Malware infiltrates a network system via email attachments or third-party vendor systems. Once activated, the malware locks users out of the system, and the bad actor demands the company pay a ransom to regain access to its data.

Most cyber insurance policies on the market cover ransom payments. Roanoke Insurance Group highly recommends against paying the ransom, because of the potential sanctions outlined in the 2020 advisory by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC). If a company pays a ransom and does not conduct sufficient sanction analysis and entity screenings, that company could be in violation of OFAC rules. Not only are the OFAC violations a concern for ransom payments but it is frequently observed that even though a ransom is paid, cybercriminals often return to attack a few months later.

Social engineering is a subtle type of attack that can be equally pervasive and costly. Phishing is one of the most common Social Engineering attacks. In this type of attack, bad actors impersonate or use deception tactics to manipulate individuals into divulging credentials, confidential or personal information

that may be used for fraudulent purposes, such as misdirecting funds. The most common phishing scenario utilizes a bad actor to intercept email communications and convinces a customer that its bank information has changed, thus routing funds to the bad actor instead of the vendor.

How can logistics providers protect or prepare themselves?

It is imperative that any company, not just logistics providers, have a solid cyber risk management plan that goes beyond obtaining cyber insurance. Although a cyber insurance policy is essential in response to a cyberattack, it is more important to prevent an attack from happening to avoid bringing your business to a standstill.

A cyber risk management plan should include:

- Regular cybersecurity training for all employees at every level. Training is key for employees to identify social engineering and spoofed emails. In addition, we recommend setting up random and regular phishing testing.
- Regular cyber intrusion testing of the company's network to ensure it has not been breached. We have seen bad actors infiltrate a company's network and wait months undetected for the right moment to attack. For example, a big invoice is sent for payment, or sensitive data is shared.
- Performing regular phishing testing of company employees.
- Segmenting networks to make it more difficult for ransomware to spread between systems
- Ensuring that sensitive information is transferred using encrypted Secure Sockets Layer (SSL).
- Running a cyber risk assessment regularly to ensure no new activity is detected on the dark web or new ports are vulnerable.
- Enabling multi-factor authentication (MFA) to log into email, banking, social media, and any other service that requires logging in.
- Instituting a periodic backup schedule that is rigorous and retains multiple copies of critical business data locally, offsite, and in the cloud. This method remains the most foolproof defense against ransomware.
- Regularly update the antivirus and malware software on all computers, devices, phones, and tablets connected to the internet. Also, regularly ensure that updates to firewalls, email filters, and anti-spyware software are up to date.
- Last but not least, having a cyber insurance program in place.

Not just a cyber insurance policy but an extensive cyber risk management suite that includes risk prevention and loss response 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. These tools are provided by our cyber risk management partner, eRiskHub, that provides an exclusive cyber loss prevention and recovery portal, complete with a breach coach and 24/7 hotline in the event of an attack.

About Roanoke Insurance Group

Roanoke Insurance Group Inc., a Munich Re company, is a specialty insurance broker focused on surety bonds 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.

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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CNS PARTNERSHIP CONFERENCE

The 31st CNS Partnership Conference was held at the Arizona Grand Resort & Spa in Phoenix from May 23-25, 2022. The AAA Four-Diamond all-suite resort was an outstanding choice for this momentous occasion.

More than 700 attendees from all segments of the industry convened to share two days of insightful panels and presentations. Topics included the power of partnerships, sustainability, lithium battery safety, digital transformation, new training solutions by IATA and the economic outlook for the air cargo industry. Conference exhibitors featured information on technology, logistical providers and forwarder solutions. To address today's challenges, this year's conference provided networking events that offered unprecedented opportunities for industry stakeholders to reconnect and explore various ways of working together.

Conference attendees also enjoyed a memorable round of golf on the Arizona Grand Golf Course with its unique course, featuring panoramic views of the surrounding desert landscape.

During the Conference, CNS President Frederic Leger announced he was stepping down as CNS President but confirmed he would continue serving as a CNS Board Member. On June 1, 2022, Laura Pullins will succeed Leger as President. Pullins has over 20 years of experience leading international logistics and supply chain companies.

We thank our sponsors, exhibitors, speakers and delegates for making the 31st CNS Partnership Conference such an amazing event. Please enjoy our selection of Conference photos. We look forward to seeing you in Miami at next year's CNS Partnership Conference.

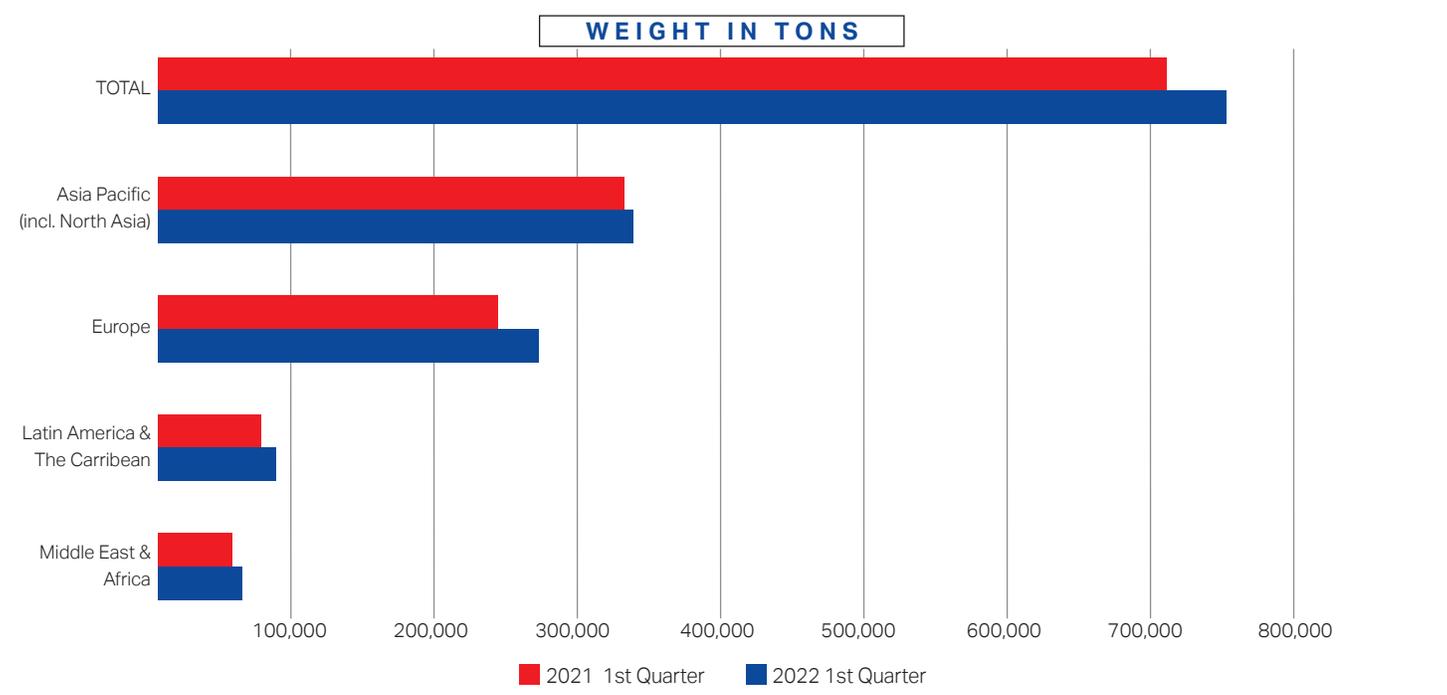


NOTE: To view all pictures, please visit: <https://www.flickr.com/photos/iataorg/albums/72177720299213267> Photos: IATA.





CASS-USA Market Monitor appears in every issue of CNS Air Cargo Focus Magazine. The Market Monitor is designed to highlight market trends for the most recent quarter. 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.



2022 Weight in Tons		2021 Weight in Tons		2022/2021	
Region	1st Quarter	Region	1st Quarter	Region	1st Quarter
Asia Pacific (incl. N. Asia)	330,817	Asia Pacific (incl. N. Asia)	326,687	Asia Pacific (incl. N. Asia)	1%
Europe	276,156	Europe	246,144	Europe	12%
LatAm & The Caribbean	88,682	LatAm & The Caribbean	78,384	LatAm & The Caribbean	13%
Middle East & Africa	60,208	Middle East & Africa	56,710	Middle East & Africa	6%
Total	755,863	Total	707,924	Total	7%

2022 Shipment Count		2021 Shipment Count		2022/2021	
Region	1st Quarter	Region	1st Quarter	Region	1st Quarter
Asia Pacific (incl. N. Asia)	226,229	Asia Pacific (incl. N. Asia)	239,118	Asia Pacific (incl. N. Asia)	-5%
Europe	206,019	Europe	190,825	Europe	8%
LatAm & The Caribbean	75,732	LatAm & The Caribbean	66,645	LatAm & The Caribbean	14%
Middle East & Africa	77,626	Middle East & Africa	80,024	Middle East & Africa	-3%
Total	585,606	Total	576,612	Total	2%

MARCH 2022

In March, US export revenue increased by 35% y/y, compared to 53% in February and 47% January. Yields were reported to increase 34% y/y in March, compared to increases of 34% in February and 37% in January. US Tonnage to Asia Pacific and North Asia in March decreased by 6% y/y versus increases of 10% in February and 2% in January.

Export tonnage to Europe in March increased by 7% y/y compared to 18% in February and 13% for January. Overall results for first quarter statistics reflected a 44% increase in revenue, a 7% increase in tonnage and an increase in yield of 35%.





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