

was at the discretion of the individual station. The standard cutoff is now 60 minutes instead of 120 minutes, and we guarantee to deliver off the plane within 90 minutes at destination.”

Things can go wrong even with the most valuable temperature-controlled cargoes. Shirley Ann Field, deputy director of supply chain quality and compliance at Sanofi-Aventis, recalled an incident when an entire shipment of a launch product was lost following a nine-hour flight delay in temperatures of -10degC. Her company had stipulated the goods should go back to the warehouse within 90 minutes if there were problems.

Field said that in terms of supply chain integrity, the greatest exposure was at airports and their handlers. “How can we get them to buy in?” she asked.

It was rare for pharmaceutical companies to have direct quality agreements with carriers, Field added. Agreements were with forwarders

and although shippers stipulated what they should do, “it’s a black hole”.

Larry Sweeney, senior director of distribution and logistics at Genzyme, said drugs companies simply could not afford to lose entire \$5 million worth of pallets.

“My job is not complete until the box of medicines is with the patient. In 15 years in the industry I’ve watched pharmaceutical boxes move as [regular] boxes. I’m now paying twice as much to an integrator to make the process work.”

Mark Mohr, product development and speciality sales manager in Continental Airlines’ cargo marketing department, said forwarders were “notorious for bundling to drive rates down. They make the bookings and are not working with airlines at pharmaceutical service level”.

Handlers are a critical piece of this jigsaw, but delegates agreed it was just assumed that they would get on with their jobs.

In a later session on ULD management, Bob Rogers, VP Asia Pacific for ULD manufacturer Nordisk Aviation Products, said there were probably 100,000 to 200,000 people loading or handling airfreight whose training in most cases comprises five minutes of “this is what you do” before beginning their job.

Careless handling is an issue not just for cargo but for the \$2,000 units themselves. Lack of adequate storage facilities is an issue at many airports. ULDs can be lost or damaged, and Rogers said it was not unknown for them to blow across runways.

The conclusion was that better training is needed across the board, for handling agents, forwarders and airline personnel.

IATA’s ULD Working Group is to seek funding from the industry for a training video to underline the quality standards needed in this often neglected corner of the airfreight industry. **ACW**

Asia’s new consumers will power recovery

The upturn from “the deepest hole the industry has been in since the second world war” looks increasingly strong, but Brian Pearce, chief economist at IATA, warned of potential problems turning that growth into profit.

There were big regional variations, Pearce observed. Developed economies, especially in Europe, were “pretty flat”. Developing economies, by contrast, were rebounding so sharply that banks were increasing interest rates, fearing a return of inflation.

“Average rates are higher than they were 12 months ago, but with increases only on a few lanes,” Pearce said. “Southeast Asia to Europe has recovered to pre-recession levels of \$2.50 per kilo but we have barely seen any recovery on eastbound rates of about \$0.50. Europe-North America is also lagging.”

The world freighter fleet shrank by 160 last year, but 50 new freighters were due for delivery in 2010 and the wide-body fleet overall was set to expand by 4-5%.

“Asset utilization remains poor,” Pearce said. “The average hours flown by freighter operators are stable, but wide-body utilization was down 7-8 percent in 2009 at 10.8 hours a day, which, in a capital-intensive industry like ours, has been raising unit costs and hampers our return to profit.”

Losses were coming down substantially, but he predicted European carriers could still lose \$2.5 billion and their North American counterparts \$2 billion this year.

United Airlines senior vice president of cargo, Scott Dolan, said that while the worst was over, high unemployment was still influencing the public’s purchasing behavior. The US property market was still being propped up by government stimulus packages but these would not continue forever.

Consumers had been “traumatized” by events of the last few months, agreed David Hoppin, managing partner of consultant MergeGlobal. They were trading down and cutting discretionary spending after seeing their



Dolan: high unemployment still a factor

Photo: William Jans, wjphoto.com

wealth evaporate. He thought consumer psychology may have changed permanently.

Ram Menen, division senior VP cargo at Emirates, said: “Trade volume is not what it was but new consumer electronic products are coming in that will drive air cargo.” As China and India became powerful domestic economies, consumption patterns would change dramatically. **ACW**