

CARGO 2000: BACKGROUND, STATUS & FUTURE



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CARGO 2000 OFFERS LOW COST JOINING FEE TO ATTRACT SMALL AND MEDIUM-SIZED FREIGHT FORWARDERS

Cargo 2000 is offering a new low cost joining fee to make its air cargo quality management system accessible to small and medium-sized freight forwarders around the world.

Designed to help companies of all sizes in the air cargo chain reduce costs, improve service standards and enhance customer satisfaction, Cargo 2000 already has 46 major airlines, freight forwarders, ground handling and trucking companies and IT providers as members.

The new category of Associate membership allows freight companies with operations in up to five countries or 20 cities to join Cargo 2000 for a cost of only US\$5,000 per annum.

Ron Cesana, Project Director of Cargo 2000, said: "We are a not-for-profit group that has always been about producing a quality management solution to benefit all players in the international air cargo industry and, most importantly, customers.

By reducing the joining fee for small and medium sized companies from the current level of \$10,000-\$25,000, we are giving these businesses the opportunity to be part of a programme that will produce measurable benefits within their companies and establish themselves in the minds of customers as quality-driven organisations.

"As a member of Cargo 2000, these companies will have access to our Master Operating Plan that has re-engineered the



"Cargo 2000 substantially reduces time spent managing irregularities, such as service failures, cuts the time required for manual track and trace procedures and leads to a reduction in service recovery costs. That makes the \$5,000 cost of joining Cargo 2000 a great investment for these businesses."

Ron Cesana, Project Director,
Cargo 2000

air cargo transportation process from shipper to consignee. This sits at the heart of an industry-wide process control and reporting system that in turn drives data management and corrective action systems. By reducing the number of individual processes in the air cargo supply chain from 40 to just 19, Cargo 2000 is less labor intensive and improves the processes for managing shipments in a paperless environment."

New members reflect increased momentum



CHAIRMAN'S LETTER
by Mick Fountain,
Chairman of Cargo 2000

The clearest message to come out of this latest newsletter is that more and more forward-thinking, quality-minded organisations in the air cargo industry want to be part of Cargo 2000.

I am delighted to welcome Asiana Airlines, Etihad Crystal Cargo, JALCARGO, Kale Consultants, NAS Cargo and Penauille Servisair to our group. This follows news in our previous issue of further new members, namely Cargo Center Sweden, Singapore Airlines Cargo, TNT Freight Management and Towne Air Freight.

This reflects the increased level of momentum being achieved by Cargo 2000 since our members began publishing performance data in May 2005. We know that a number of other leading businesses are looking very closely at joining Cargo 2000 and we also hope more small and medium-sized freight forwarders will take advantage of our new low cost joining fee to also appreciate the benefits Cargo 2000 offers in terms of improved service levels and reduced operating costs.

People are now contacting us to join rather than Cargo 2000 trying to recruit and this is being supported by our strategy of getting the shipping community more involved in our programme.

Our focused approach around performance measurement is continuing to drive us forward and galvanise members. One of our biggest challenges for the rest of 2006 is to keep this momentum going.

We will also be concentrating on the big role Cargo 2000 has to play in terms of the strategic initiative for simplifying the business of air cargo and in relation to the tried and tested process management we have in place that will be a catalyst for IATA's e-freight programme.

WELCOME NEW MEMBERS

JALCARGO rejoins Cargo 2000 to 'satisfy customer requirements'

JALCARGO has rejoined Cargo 2000 after a gap of six years to 'improve service levels and satisfy customer requirements'.

The airline was one of the original members of Cargo 2000 before withdrawing from the group in 2000. Given the progress Cargo 2000 has achieved in the past two years, JALCARGO says now is the right time to renew its commitment as an Industry Associate member.

Shigeo Akiba, Vice President Planning & Marketing, Cargo at Japan Airlines, said: "We have been constantly monitoring Cargo 2000's development and since it is now planning to begin publishing initial data for phase two of the programme in the fourth quarter of 2006, we have decided to join again. We believe this is the right time for us as it allows us a catch-up period before the implementation of phase two.

"We are looking forward to being part of the group again. We fully understand the need for paperless trade and transportation and e-customs formalities to meet security requirements. Controlling and monitoring cargo processes to meet just-in-time production systems is becoming of greater and greater importance to the air cargo industry and its customers. Under such circumstances, as part of Cargo 2000, we expect to not only improve our service levels but also satisfy our customers' requirements by providing seamless cargo process information to them."

MEMBER PROFILE:

Currently on Japan-Asia routes JALCARGO maintains 16 weekly B747F freighter operations, including three code share flights, 19 weekly code share freighter flights on Japan-Europe routes and 16 own-operation freighter flights on Japan-U.S.A. routes. JAL operates a fleet of nine B747 freighters and a 10th aircraft will be introduced this December.

After an initial period, JALCARGO expects to take up full membership of Cargo 2000.

The airline's decision has been warmly welcomed by Cargo 2000's Chairman, Mick Fountain, who said: "To become an industry standard, we need the world's top air cargo companies to be participating in Cargo 2000 and there is no question that JALCARGO is one of these organisations. It is especially significant that the airline is rejoining Cargo 2000 because after some uncertainty in the past, it now understands the momentum behind our group, the commitment of our members and the commercial benefits of membership.



"This also sends another important signal to other forwarding companies around the world to take a closer look at the benefits of being part of Cargo 2000. JALCARGO has listened to many of its major forwarding customers that wanted the airline to be part of Cargo 2000 and, as a forwarder, I know more and more of our customers are showing the same levels of interest. We are delighted to welcome JALCARGO back to our group."

Asiana Airlines increases Cargo 2000's presence in Asia

Cargo 2000 has increased its presence in the important Asia-Pacific market following Asiana Cargo's decision to join the group's drive for greater operating efficiencies, lower costs and measurable customer service improvements.

Asiana Cargo has become an Industry Associate member of Cargo 2000 and has stated its commitment to ultimately become a full member of the group.

ASIANA AIRLINES

Jeong-ho Kim, Senior Manager of Asiana Cargo, said: "Our priority is to provide the highest quality of service to meet our customers' needs. We believe we can now fulfil this objective more effectively by becoming a member of Cargo 2000. By adopting Cargo 2000's Master Operating Plan for the movement of air cargo, we are confident we can enhance our customer service levels and reduce our operating costs."

Ron Cesana, Project Director of Cargo 2000, added: "I believe it is becoming increasingly difficult for major companies in the air cargo industry to ignore Cargo 2000. Asiana Cargo has taken time to evaluate the advantages we can offer to its business and its customer relationships and has clearly concluded the Cargo 2000 has a pivotal role to play in the airline's future growth and development."

MEMBER PROFILE:

Asiana Cargo is the 15th largest cargo airline in the world. Asiana Airlines' fleet of 59 aircraft includes six all-cargo freighters – Boeing 747 and 767. The airline's cargo network reaches 22 cities in 16 countries in Europe, Asia and North America.

WELCOME NEW MEMBERS

Etihad Crystal Cargo becomes first Middle East airline to join Cargo 2000

Etihad Crystal Cargo has become the first Middle East-based airline to join Cargo 2000 to 'further improve customer satisfaction and performance levels.'

The Abu Dhabi based airline has joined Cargo 2000's drive to improve the quality of air cargo as an associate member, the first step to full membership of the group.

Ingo Roessler, Vice President of Etihad Crystal Cargo, said: "Our services are based on three fundamental promises; ultimate information transparency, 21st century technology and total customer focus. Cargo 2000 will enable us to further improve our standards and thus our levels of cargo services, which is crucial for customer satisfaction and outstanding performance levels.

"We are proud to be the first Middle East based airline to join Cargo 2000. We are only two years in the market and this gives us the advantage of being able to build our processes in an effective way right from the beginning."

Lothar Moehle, Program Director of Cargo 2000, said: "Extending Cargo 2000's presence to the Middle East is another



"We are proud to be the first Middle East based airline to join Cargo 2000"

Ingo Roessler, Vice President, Etihad Crystal Cargo



significant step forward for our quality initiative. We are delighted that Etihad Crystal Cargo understands the value of Cargo 2000 in terms of greater operating efficiencies, lower costs and measurable customer service improvements. The airline is also sending another strong signal to forwarders and shippers that it supports the need for an industry quality benchmark through its commitment to have its performance measured alongside so many other leading cargo carrying airlines."

MEMBER PROFILE:

Etihad Crystal Cargo carried 20,000 tonnes of cargo in 2004, its first full year of operation. Its freight volume rose 400% in 2005 with revenues of close to US\$100 million. The airline is working with Abu Dhabi International Airport to expand the cargo facilities at Abu Dhabi. The airport will ultimately handle one million tonnes of cargo per annum, with Etihad accounting for half of this total.

Industry 'best practice' attracts India's Kale Consultants

Kale Consultants, the India-based IT and outsourced solutions provider to the travel and transportation industry, has joined Cargo 2000 as an Industry Associate member.

Peter O'Sullivan, Vice President – Cargo Solutions at Kale, said: "We are very proud to be associated with the Cargo 2000 initiative. Kale has long been a supporter of the principles of Cargo 2000, particularly the desire to improve quality and processes, and the need to drive down the cost of operations. Joining Cargo 2000 will enable us to build upon this in a way consistent with industry best practice. As a result, our cargo products will now be aligned with the strict requirements of Cargo 2000 in order to enhance our value proposition and enable us to provide airlines with solutions that meet the highest standards demanded by the industry."

Ron Cesana, Project Director of Cargo 2000, added: "Technology underpins the air cargo industry's service offering and is therefore a key component of our Master Operating Plan. It is therefore pleasing to see Kale wanting to be part of our programme. The support of technology providers can only help to progress the Cargo 2000 initiative at a faster rate."

MEMBER PROFILE:

With over 60 customers in more than 30 countries, Kale's solutions include applications for cargo ground handling, air cargo management and revenue accounting.

CARGO 2000 MEMBERS:

AIRLINES: Air Canada, Air France Cargo/KLM Cargo, Alitalia, American Airlines, Asiana, Austrian Airlines, British Airways World Cargo, Cargolux, Cathay Pacific, Delta Cargo, Etihad Crystal Cargo, JAL Cargo, Korean Air, Lufthansa Cargo, Nippon Cargo Airlines, Polar Air Cargo, SAS Cargo, Singapore Airlines Cargo, Swiss WorldCargo, United Airlines.

FORWARDERS: ABX Logistics, DHL Danzas, Exel, Geologistics, Kuehne + Nagel, Panalpina, Schenker, SDV International Logistics, TNT Freight Management, Yusen Air & Sea.

CARGO 2000 INDUSTRY ASSOCIATES:

GROUND HANDLERS: Aviapartner, Cargo Center Sweden, Menzies Aviation, National Aviation Services (NAS), Penauille Servisair UK, Rhenus Air Handling, Swissport, Worldwide Flight Services.

TRUCKING COMPANIES: Rutges Cargo, Towne Air Freight

IT PROVIDERS: BT, CCN, Cargonaut, GLS, Kale Consultants, Riege Software, Traxon, Tradevision, Unisys

Kuwaiti ground handler joins to 'share industry leaders' knowledge'

Kuwait-based ground handler, NAS Cargo, has become an industry associate member of Cargo 2000. It is the seventh cargo handler to join Cargo 2000 following Aviapartner, Cargo Center Sweden, Menzies Aviation, Rhenus Air Handling, Swissport and Worldwide Flight Services.

Located at Kuwait International Airport, NAS Cargo provides airfreight, seafreight and trucking services.

Zakaria Abraham of NAS Cargo stated: "We are joining Cargo 2000 in order to provide the highest standard of service performance and quality assurance in all of the areas of cargo handling. We also want to share the knowledge of so many leaders in the airfreight industry."

MEMBER PROFILE:

NAS Cargo operates from a modern warehousing facility capable of handling a variety of cargo, including dry, chilled and frozen items. The facility can store 3,500 pallets and over 200 ULDs and offers chiller/freezer and cold room storage for up to 100 tonnes of cargo. The company's Chameleon IT system provides a full management solution for export and import cargo.

Penauille Servisair becomes eighth freight handler to join Cargo 2000

Penauille Servisair Cargo in the UK has also joined Cargo 2000 as an industry associate member.



Commenting on the decision to join Cargo 2000, Guy Thompson, Vice President IT for Penauille Servisair Cargo, explained: "With an existing strong focus on service delivery and with a number of our customers already on board, it was a natural step for us to join. We have been working closely with airlines for the last 2 years to implement Cargo 2000's quality system and get the quality standards and necessary operational revisions in place to achieve very high standards.

"We are committed to working together with service partners to drive-up performance levels throughout the supply chain. Cargo 2000 provides a consistent

industry-wide framework to operate within that will ultimately improve customer satisfaction."

MEMBER PROFILE:

Penauille Servisair Cargo is an operating division of Penauille Servisair, itself part of the Penauille Group. Penauille Servisair Cargo provides tailor-made handling solutions throughout the air freight supply chain at 48 locations worldwide covering warehousing, aircraft loading and unloading, trucking, documentation, specialised handling and customs brokerage.


More worldwide data to be published

Between now and the end of 2006, Cargo 2000's members will increase the number of network sites for which they publish data.

In addition to the current number of 23 sites (see opposite), data will also be published for all of Canada, France, Germany, Japan and the United States plus Johannesburg, Santiago and Taipei.



www.cargo2000.com

Where to find  latest monthly performance data

At the end of each month, Cargo 2000 publishes its latest performance data on its public website.

The following highlights are stats for May 2006 vs. May 2005:

- Lanes measured
42,629 (+25,829)
- Route Maps created
294,802 (+146,005)
- Phase 1 shipments measured
25,617 (+11,953)
- Phase 1 lane segments measured
2,751 (+1,468)
- Flown-as-planned
91% (+1%)
- FWB correct
93% (+13%)

Network sites measured by Cargo 2000 members:

- Amsterdam • Atlanta
- Bangkok • Brussels
- Chicago • Copenhagen
- Dallas Fort Worth
- Frankfurt • Hong Kong
- Los Angeles • London
- Miami • Milan • New York
- Paris • Shanghai • Seoul
- Singapore • Sydney
- Tokyo • Vienna • Toronto
- Zurich

FWB DATA HIGHLIGHTS PROGRESS

In January 2006, Cargo 2000 kept its promise to begin publishing FWB data to show booking quality levels and accuracy of electronic data from forwarders to airlines.

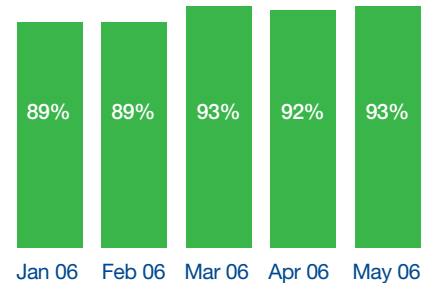
Ron Cesana, Project Director of Cargo 2000, said: "We have made a positive start in the first five months of reported figures. The performance of Cargo 2000 members is particularly interesting because airlines are

telling us that the percentage of correct FWBs from freight forwarders that are not members of Cargo 2000 can be less than 50%.

"The FWB message is a crucial part of the freight process and is also a key requirement of IATA's e-freight programme. Our members are already considerably better than the industry average and our continued focus on this data and the sharing of best practice between Cargo 2000 members means we will steadily improve."

FWB % correct

Booking quality levels from forwarder to airline & accuracy of electronic data



ABOUT CARGO 2000

Based on detailed customer research and with the assistance of leading IT companies, Cargo 2000 has re-engineered the air cargo transportation process from shipper to consignee through the creation of a 'Master Operating Plan'. This sits at the heart of an industry-wide process control and reporting system that in turn drives data management and corrective action systems.

By reducing the number of individual processes in the air cargo supply chain from 40 to just 19, Cargo 2000 is less labour intensive and improves the processes for managing shipments in a paperless environment. It substantially reduces time spent managing irregularities, such as service failures, cuts the time required for manual track and

trace procedures and leads to a reduction in service recovery costs.

Cargo 2000's quality management system is being implemented in three distinct phases. The key to the group's Master Operating Plan is the creation of a unique 'route map' for individual shipments that is monitored and measured throughout the delivery cycle of each shipment.

Phase 1 manages Airport to Airport movements – shipment planning & tracking at Master air waybill level. Once a booking is made, a plan is automatically created with a series of checkpoints against which the transportation of every air cargo shipment is managed and measured. This enables the system to alert Cargo 2000 members to any exceptions to the plan, allowing them to

respond pro-actively to fulfil their customers' expectations.

Phase 2 is responsible for shipment planning and tracking at House air waybill level and provides interactive monitoring of the door-to-door movement. **Phase 3** of Cargo 2000 manages shipment planning and tracking at individual piece level plus document tracking. This provides for real-time management of the transportation channel at piece level. It will also control the flow of information in a paperless environment which will be vital for current and future security requirements.

The latest performance data for Cargo 2000's members is published every month on the group's website: www.cargo2000.com

SHIPPER! Help us by asking your suppliers: 'Are you Cargo 2000 compliant?'

contact

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