



Why Air When a Truck Will Do?

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[Air Cargo World](#)

The 2009 Defense Authorization Act has corrected a long-standing discrepancy that made it all but illegal for a freight forwarder to use a truck to deliver a shipment on behalf of the U.S. Department of Defense.

"The passage of this bill into law is a victory for taxpayers as well as the forwarding industry, as mode-neutrality achieves the just-in-time efficiency needed at the best value proposition available for shipment," said Brandon Fried, executive director of the **Airforwarders Association** (AFA). "The revision will provide much needed clarification for those involved in the transport of freight and restricted to a single mode of transport for cargo, regardless of cost to the DoD."

In 2007, the U.S. House of Representatives Committee on Armed Services cited one example where the Air Mobility Command Freight Traffic Rules Publication 5 (AFTRP 5) air requirement nearly doubled the costs for one shipper moving freight from Corpus Christi, Texas. The result was an additional bill to the government of \$173,140.

The AFTRP 5 stipulated that all shipments given to air carriers or forwarders for delivery within the U.S. must move by air except in "extreme circumstances." Since many DoD delivery locations are in remote locations, the inevitable result was additional time and cost to ship by air rather than truck. This restriction also posed a legal quagmire for many forwarders struggling to comply with a delivery window and a single mode of transport.

The Washington D.C.-based AFA has been an outspoken advocate of the need to correct the anomaly that had led at least one forwarder, National Air Cargo (NAC), to face an investigation for using a truck to meet a DoD deadline.

Chris Alf, founder and principle of National Air Cargo, heralded President Bush's signing of the new Act as a victory for military vendors, personnel, and taxpayers.

"The previous inconsistencies in the Department of Defense regulations resulted in vendor confusion and inefficiency. U.S. Transportation Command's new Defense Transportation Coordination Initiative (DTCI) recognizes that the government saves

money when it allows the commercial sector to pick the mode of transport in order to meet mandatory delivery dates.

"NAC has consistently demonstrated the significant monetary benefit to the government of employing vendors that utilize best commercial practices. The company helped save a third of the shipping costs to military bases in Afghanistan and Iraq through the United States Central Command Tender Express program."

In addition to clarifying the transportation regulations, the new law requires the Secretary of Defense to provide additional guidance and training to ensure that commercial best practices are used when shipping cargo.

A330F Gets Return Ticket

Caught in a political crossfire, Airbus has decided to move its proposed A330 freighter assembly from Mobile, Ala., back to Toulouse, France.

The change in plans comes after the U.S. Defense Department (DoD) dropped its politically-charged decision on a new tanker aircraft and said it would leave the decision up to the new presidential administration in 2009.

Airbus has been battling with [Boeing](#) for a \$40-billion contract to build a new airborne tanker, a deal some believe could be worth up to \$100 billion.

In February 2008, the DoD chose the Airbus KC-45 tanker, developed in conjunction with defense contractor [Northrop Grumman](#), over [Boeing](#)'s smaller and more costly aircraft. The KC-45 is a variant of the A330 and constructing the tanker alongside a commercial freighter version would have given Airbus economies of scale in the development and manufacturing process.

But [Boeing](#) challenged the DoD decision and after the U.S. Government Accountability Office intervened and reviewed the bidding process the Pentagon reversed its decision and scrapped the two bids altogether.

Airbus had planned to assemble the A330F alongside the KC-45 tanker in a new \$600 million plant in Mobile. It would have brought 1,500 jobs to the region and some \$360 million in economic activity across the nation, according to [Northrop Grumman](#).

"It was going to allow us to make more efficient use of the Mobile final assembly," said T. Allan McArtor, chairman of Airbus Americas. "We would have achieved a four plane per month throughput, instead of just two planes a month with the tanker."

He also cited the Dollar/Euro exchange rate as a big advantage for assembling the planes in the U.S., adding that the cost of transporting parts for the aircraft "can weigh heavily on the business case."

Flyington Freighters, owned by one of India's largest publishing groups, is the launch customer for the A330F and has purchased six of the planes for initial delivery in the second half of 2009. Currently there are 74 of the freighters on order, most of them for leasing companies - including Aircastle, Avion Trading and 20 for Intrepid Aviation Group.

Despite the relocation to Toulouse, Airbus said it is investigating the feasibility of establishing an A330 freighter assembly line in Mobile regardless of the outcome of the military contract. The company already has an engineering office in the city and reconfirmed its commitment to Alabama in a corporate statement in September, calling the Mobile Engineering Center a "source of pride" for the company.

The A330F has a capacity of 64 tonnes over 4000 nm/7400 km, or 69 tonnes up to 3200 nm/5930 km. "The Air Force liked the KC-45 because it can carry as much cargo as jet fuel," McArtor said.

Jessica Binns

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Delta Cargo brought in a significant portion of the \$1.4 billion that [Delta Air Lines](#) earned in revenue from cargo, maintenance and fees in the first half of 2008. ... New York Overnight launched a new "green" service shipping packages between New York City and Los Angeles. All cargo is shipped on already-booked passenger flights for roughly one-third the cost of what [FedEx](#) or UPS would charge... [Boeing](#) secured a \$139-million Department of Defense contract to develop new technologies for Air Force planes that can deliver weapons cargo and withstand combat situations. ... A team headed by [FedEx](#) received a \$1.37-billion USTRANSCOM contract from the DoD for international cargo and passenger airlift services. The team includes Air Transport, Atlas Air, [Northwest Airlines](#), Omni Air International, [Polar Air Cargo](#) Worldwide and Tradewinds Airlines. ... Alpine Aviation Express reported gross revenues of \$14.46 million for the 9-month period ending July 31, compared to \$13.66 million from the same period in 2007. ... Halifax International Airport Authority is spending CA\$12 million on a 3,600-sqm air cargo center at Halifax Stanfield International Airport. The airport recently received approval from Transport Canada to take part in international air cargo transshipments. ... KLM and BA have introduced e-freight at JFK on routes to Amsterdam and London.