

Airlines May Struggle With 2010 Cargo Screening Rule

By Angela Greiling Keane

March 18 (Bloomberg) -- Passenger airlines such as [American Airlines](#) and [Delta Air Lines Inc.](#), along with freight shippers, will be hard-pressed to meet a deadline requiring all air cargo to be screened for security by mid-2010, industry officials say.

About half of the electronics, fish, flowers and other goods riding on U.S. passenger carriers is inspected by airlines or [freight handlers](#), the minimum under a rule that went into effect last month. By August of next year, all of the 10,000 tons of freight carried daily by airliners must be inspected.

The industry-run program remains a security hole even as government screening of passengers has been beefed up after the terrorist attacks in September 2001, said Representative [Edward Markey](#), a Massachusetts Democrat who introduced legislation requiring cargo inspections in 2003.

“Screening 100 percent of cargo on passenger planes has never been a matter of technology, but a matter of will,” Markey said in an e-mail. “The loophole that enabled cargo to be loaded on passenger planes without first being screened was a major security gap.”

Markey said he will “vigorously oppose” any attempt to “water down” the mandate. The state of air-cargo security will be the subject of a hearing today by the [House transportation security subcommittee](#).

“The logic is clear: If we screen passengers and their checked baggage, we must screen the other cargo onboard the same aircraft,” Subcommittee Chairwoman [Sheila Jackson-Lee](#), a Texas Democrat, said in a statement prepared for the hearing.

‘Lot of Work’

“We believe it can be attained, but it is going to require a lot of work,” [Air Transport Association](#) Executive Vice President [John Meenan](#) said of the mandate to inspect everything.

The Washington-based association is made up of both passenger and cargo airlines, including American and Delta. Delta surpassed American as the largest carrier of cargo among U.S. passenger airlines after [merging](#) with Northwest Airlines last year.

[Betsy Talton](#), a spokeswoman for Atlanta-based Delta, declined to comment.

American Airlines is “very confident it’s going to happen,” Vice President of Cargo Operations Mark Najarian said in an interview. “We’re going to have to do a lot of work to get to 100 percent. But the 100 percent screening requirement is a requirement of the cargo industry.”

American, a unit of Fort Worth, Texas-based AMR Corp., announced last month it had met the 50 percent rule. Meeting that mandate cost the carrier more than \$3 million for equipment and training, the airline said.

‘Low-Hanging Fruit’

While the [Transportation Security Administration](#), which regulates airline screening, says at least 50 percent of the freight is being inspected, the Government Accountability Office, in testimony for today’s hearing, said that’s impossible to verify.

“To get to 100 percent is a pretty dramatic step and a very difficult one at the speed at which [TSA](#) is currently moving,” said Peter Kant, an executive vice president for Hawthorne, California-based OSI Systems Inc.’s [Rapiscan](#) unit, which makes aviation-inspection equipment.

Other companies that make security equipment include [General Electric Co.](#), L-3 Communications Holdings Inc., and Smiths Group Plc, the world’s biggest maker of airport scanners.

The parcels and packages now being checked are “the low- hanging fruit” compared with the challenges of inspecting cargo transported on pallets on larger planes, said [Brandon Fried](#), executive director of the Washington-based [Airforwarders Association](#), whose members arrange air cargo shipments.

Costly Inspections

The association includes Kintetsu World Express’s U.S. division and Radiant Global Logistics.

Proponents of easing the mandate to check all the freight say equipment to scan large pallets carrying different kinds of freight isn’t available yet and that disassembling pallets for inspection would be expensive and time-consuming. Customers pay a premium to move goods by air.

The [Safe Commerce Coalition](#), a Washington-based cargo- industry group, will push for a different interpretation of the 100 percent inspection requirement, said its chairman, [Asa Hutchinson](#), a former homeland security undersecretary and Republican congressman from Arkansas.

While the price tag is impossible to calculate, it will be “costly” for the air cargo industry, Hutchinson said.

Who Pays?

“Just to get to 50 percent, many of the carriers and freight forwarders had to increase their staffs,” change processes and buy new equipment, Hutchinson said. “To get to 100 percent, you’ve got to double that, if not increase it even more. Who’s going to pay for that? It’s obviously going to be passed on to the consumer eventually.”

Hutchinson said that having to inspect all cargo would pull limited resources away from other potential terrorist threats.

Air cargo customers and airlines share the blame with the TSA for the slow progress on inspecting belly cargo, said [Leon Laylagian](#), president of the [Passenger-Cargo Security Group](#) in Concord, New Hampshire, and Washington, which is pushing for tighter security.

“It is a very realistic approach,” said Laylagian, who used to fly passenger planes and is now a cargo pilot. Airlines have “three years to do 100 percent. What’s absent in the formula is the will on behalf of the TSA and the participants to get it done.”

The mandate doesn’t apply to cargo planes flown by Memphis, Tennessee-based FedEx Corp. or Atlanta-based [United Parcel Service Inc.](#), the two largest U.S. air-freight carriers. The companies both tender some freight to passenger airlines that will have to be inspected.

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