

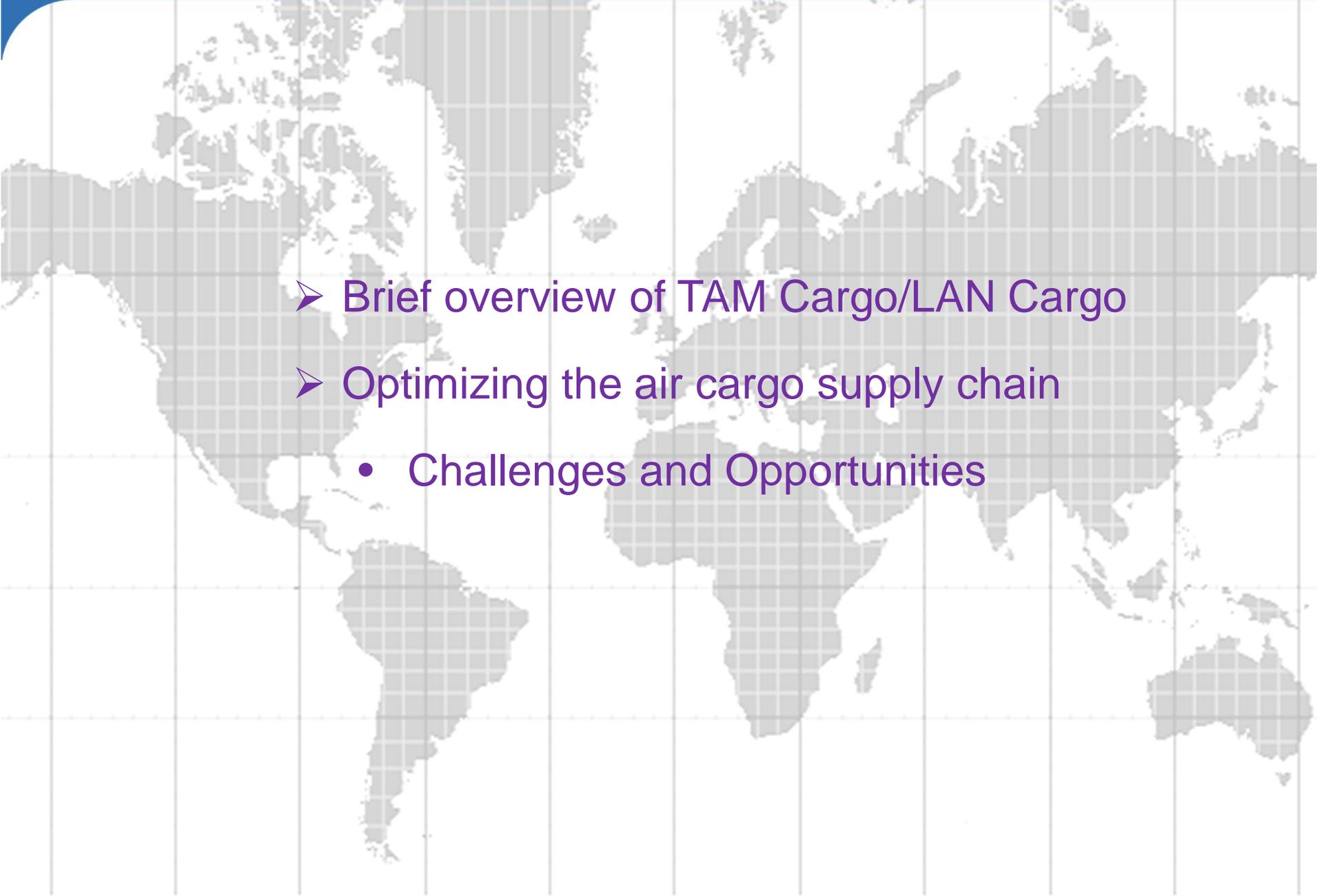
Strategic Trends in Air Cargo Regional Symposium

ICAO – December 10-11, 2013

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- A light gray world map with a grid overlay, showing the continents of North America, South America, Europe, Africa, Asia, and Australia. The map is centered on the Atlantic Ocean.
- Brief overview of TAM Cargo/LAN Cargo
 - Optimizing the air cargo supply chain
 - Challenges and Opportunities

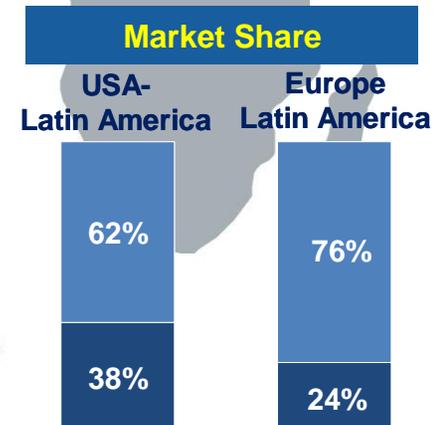
TAM Cargo overview



Connecting Latin America to the World



- Integrated Belly & Freighter Network
- 55 International destinations
- 52 Domestic destinations in Brazil
- TAM Cargo: 2,400 employees in Brazil



Safety & Security

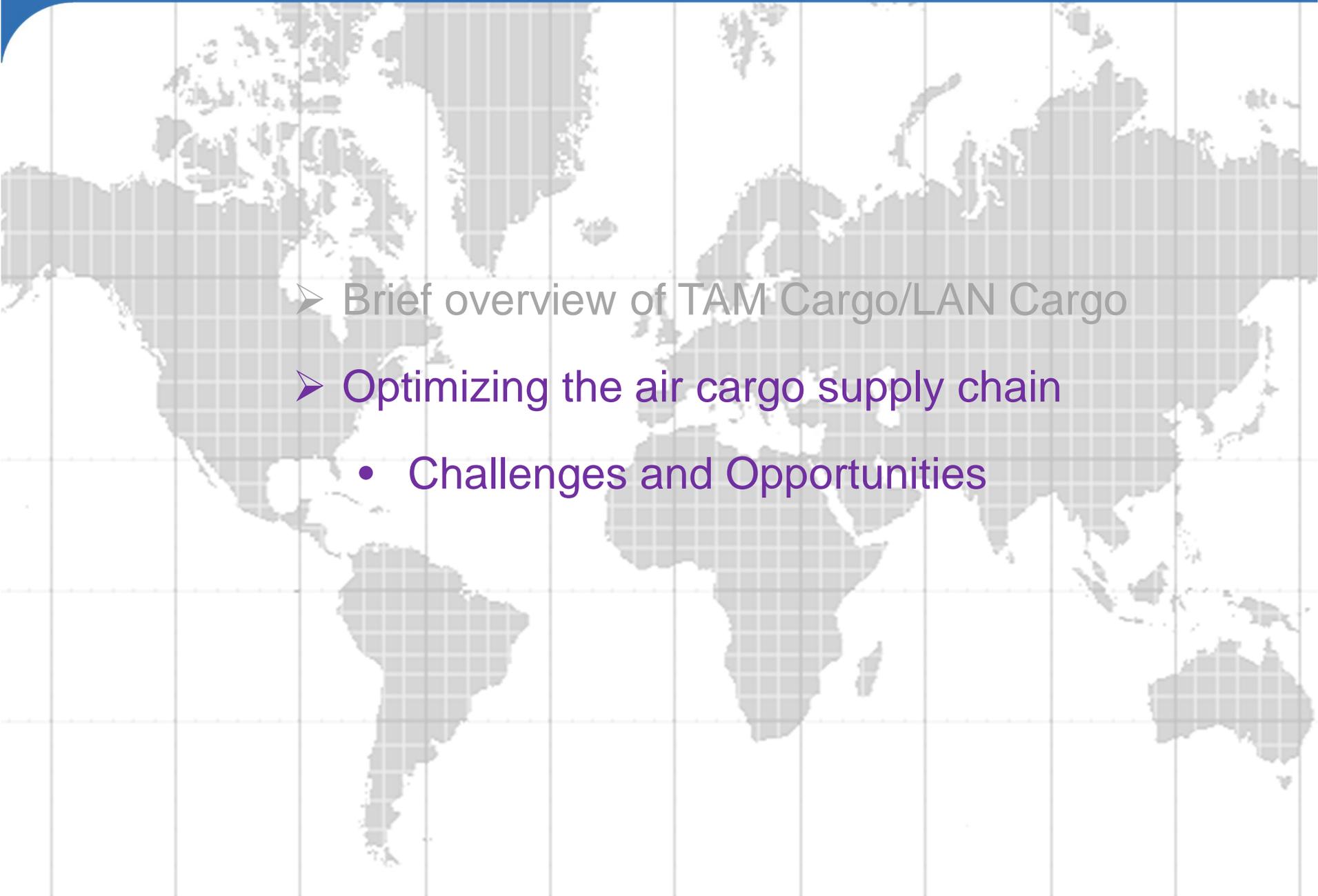


- IOSA certification since 2008
 - Zero findings in all audits (5)
- SMS program:
 - Implementation on track and within regulatory deadlines
- AQP: phase 1 approved by ANAC
 - Phase 3 Mar 2015
- DG: strong structure to ensure compliance

Environment



- ✓ Fleet modernization: reduction in CO2 emissions
- ✓ Winglets: fuel and CO2 efficiency
- ✓ Flight Operations management:
 - Noise reduction
 - Direct routes & optimum flight plans
- ✓ Containers retrofit: Kevlar
- ✓ Infrastructure investment
- ✓ LEAN culture across de organization

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Challenges and opportunities

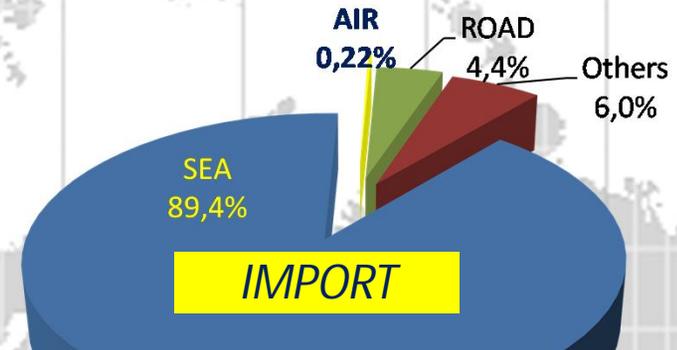
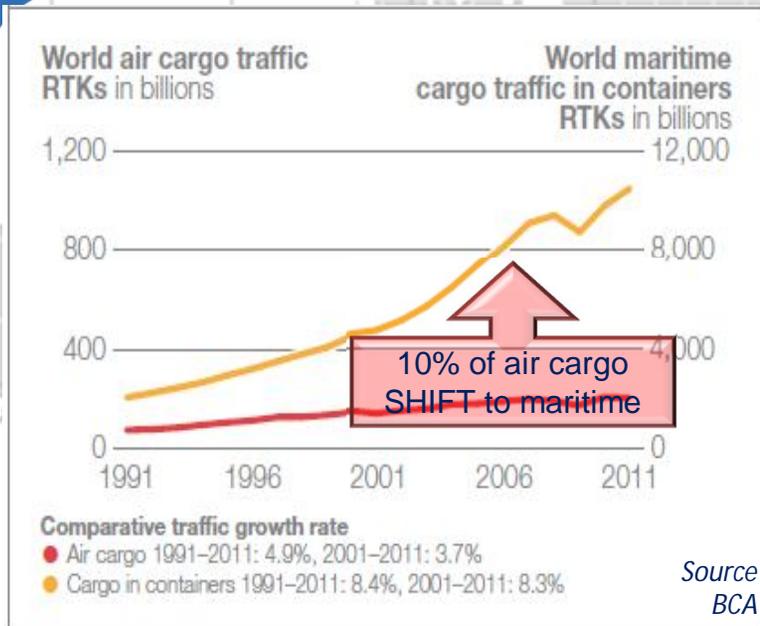
- Strategic planning for the necessary investment for cargo infrastructure in Brazilian airports (domestic and international traffic):
 - SAC, airport operators, airlines and cargo industry
 - Specific needs? Example coolers, latent products and market?
- Infrastructure in airports is a necessary requirement, but not enough for an efficient system
 - Modernization of customs processes, review of laws and policies
 - Adoption of paperless concept in the involved authorities, e-freight initiative
 - Efficient interface between involved airport authorities
 - Innovation and technology in warehouses
 - Improve connectivity between airports (road+air)



EFFICIENCY

**Improvement
and reduction
of transit times**

Brazil Imp-Exp by Modal



MODAL	TON	FOB MUS\$	US\$/kg
SEA	126.803.337 89,4%	168.310.219 75,4%	1,33
AIR	315.535 0,22%	39.266.619 17,6%	124,44
ROAD	6.175.110 4,4%	10.435.420 4,7%	1,69
River, Rail, Duct	8.468.542 6,0%	5.136.779 2,3%	0,61
TOTAL	141.762.524 100%	223.149.037 100%	



MODAL	TON	FOB MUS\$	US\$/kg
SEA	525.045.393 96,1%	202.613.820 83,5%	0,39
AIR	1.042.133 0,19%	10.783.423 4,4%	10,35
ROAD	5.122.980 0,9%	16.158.097 6,7%	3,15
River, Rail, Duct	15.055.093 2,8%	13.024.435 5,4%	0,87
TOTAL	546.265.599 100%	242.579.775 100%	



Challenges and Opportunities



- Airlines are permanently vigilant and awareness for Safety and Security affairs, this is intrinsic to the activity
 - Regulated agent or accredited agent implementation program should be accelerated to strength the security and safety of air cargo supply chain, and must be controlled and regulated by the aviation authority

- Security requirements (current and new):
 - Implementation should be affordable by air cargo supply chain with minimum impact in final services
 - Additional screening processes, high risk for reducing time advantage over maritime modal.

Summary



- ✓ Planning for investment in cargo infrastructure
- ✓ Reduction of transit times
- ✓ Improve connectivity
- ✓ Safety and security concerns in the supply chain



Thanks for the attention

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