



Status of the Air Cargo Industry in The Americas

“Where the Action Is”

TAMPA Cargo in 2003

- ✓ Tonnage 2003 > 156,000 metric tonnes - up 19%
- ✓ Revenue 2003 > 121 million dollars - up 27%
- ✓ Operational Profit US\$ 5.5 million – up 223%
- ✓ Net Income US\$ 4.8 million
- ✓ 670 employees
- ✓ Fleet: 5 DC8-71F and 2 DC10-30F
- ✓ Scheduled Service to eleven (11) international cargo destinations in LA
- ✓ Off/line service provided through GSAs in North America, Europe and Asia
- ✓ FTK 372 million – 23.5% increase y-o-y
- ✓ System load factor 71.2%

Air Cargo Market in The Americas in 2003

- ✓ MIA grew 5% in International Cargo Traffic to 1.4 million tonnes
- ✓ 71% of air cargo traffic at MIA was moved by all-cargo carriers
- ✓ Top seven (7) cargo carriers at MIA moved 61% of the international traffic
- ✓ Strong perishable exports from Colombia, Ecuador, Peru and Chile to the US
- ✓ SB traffic grew moderately
- ✓ Important cargo airlines providing lift in the market experienced serious financial difficulties

TAMPA Cargo in 2004 - highlights

- ✓ Year of transition to new fleet: (4) 767-200SF, (2) DC8-71F and (1) DC10-30F
- ✓ FAR 145 certification to perform heavy checks of B767 and DC8
- ✓ Double digit growth in tonnage and revenue
- ✓ Product and service enhancements through TAMPA Cargo and TAMPA Cargo Logisitcs

Air Cargo Market in The Americas in 2004

- ✓ Intensified competition in main cargo markets
- ✓ Lower yields due to increase in fuel prices, excess capacity and competition
- ✓ Strong focus on new security procedures in the US
- ✓ Few changes in restricted access to market, specially between Latin American countries
- ✓ NB traffic will continue to lead volume growth – mostly perishables
- ✓ SB traffic will continue to increase modestly

Future Expected Developments in Air Cargo Market in The Americas

- ✓ Consolidation of carriers in main cargo sectors
- ✓ Slow process of liberalization between the Latin American States
- ✓ Congestion at main air cargo terminals in Latin America poor infrastructure & lack of planning
- ✓ Integration of air cargo networks, services, information and procedures by few
- ✓ Lack of capital to invest in new aircraft will continue to drive regional carriers to depend on wet leases of US cargo aircraft
- ✓ New security procedures will affect the way cargo is imported into the US
- ✓ Exports out LA will continue to lead Imports
- ✓ Regional market will continue to grow between 5 – 8% in the next ten years
- ✓ MIA will continue as the main LA gateway to the US, but others will start to gain relevance

Areas of Improvement to Meet New Logistic Needs of Customers

MUST ADD VALUE

- ✓ Enhance booking procedures
- ✓ Improve warehouse infrastructure and procedures to expedite cargo receiving and delivery
- ✓ Cold chain management for perishables – minimize temperature variations + maintain adequate temperatures throughout
- ✓ Accurate and timely information for shipment tracking throughout travel
- ✓ Increase security controls to meet new security procedures and standards, and to prevent cargo theft and pilferage
- ✓ Integrate logistic services to reach global destinations eliminating steps that do not add value

Main Factors Hindering Air Trade

- ✓ Regulated market leading to inefficient traffic flows
- ✓ Lack of harmonious customs procedures throughout the region
- ✓ Airport infrastructure
- ✓ Ups and downs of Latin American economies
- ✓ Improvisation / lack of planning – cultural behaviors

Main Factors Fostering Air Trade

- ✓ Positive economic growth
- ✓ Access to capacity is adequate
- ✓ High dependency of Latin American countries to trade with the US – close proximity to the largest consumer market in the world
- ✓ Economic development of LA dependant on higher exports, mainly to the US
- ✓ Multi-lateral trade agreements: FTAA, ATPADEA

Summary of Key Points

- ✓ Consolidation of Cargo Carriers
- ✓ Lack of profitability compromises future necessary capital investments needed to make processes more efficient and to improve quality of service
- ✓ Very slow transition towards liberalization, at least in the next five years
- ✓ Unbalanced market NB>SB affects rate structures
- ✓ Deficient airport infrastructure and outdated air and ground equipment
- ✓ Air Cargo carriers must create services that add more value to logistic chain
- ✓ Air cargo carriers will need to replace aging cargo fleets to remain competitive

1973 - 2003



Uniting the Americas

