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AI R TRANSPORT...

density and ready-for-carriage loads—I will describe briefly what a future rate structure should look like. Cargo may be divided into three speed-categories.
The first category is express freight. This is the freight that requires the fastest possible time of delivery from A to B—and it is booked by flight number, in accordance with the published timetables.
I would divide this category into six weightbreaks, but there is no reason why a traffic conference should not reach agreement on different divisions and weightbreaks: up to 100kg; 100kg to 300kg; 300kg to 500kg; 500kg to 2,000kg; 2,000kg to 4,000kg; 4,000kg and over.
If this category of cargo is tendered in a ready-for-carriage device, a certain percentage reduction, say 7 per cent on the transport cost, would be allowed. This reduc-tion is approximately the cost that the airline would incur if it had to do the same job.
The second category I will call "regular;" it would be understood that the airline would have a certain period of time (and I suggest up to three days over "express" time) for delivery of this cargo to desination.
It would again be divided into six weightbreaks: up to 500kg; 500kg to 2,000kg; 2,000kg to 4,000kg; 4,000kg to 8,000kg; 8,000kg to 12,000kg; 12,000kg and over. Ready-to-load refund would however be reduced to
5 per cent. The palletisation cost to the airline would be lower in this category, as the airline would have had this cargo longer in its custody and would be able to utilise manpower more efficiently for its unitisation.
The third category is stand-by. The carrier would have up to seven days, or any other period to be agreed upon, over express time for delivery. It would again be divided into six weightbreaks: up to 500kg; 500kg to 2,000kg; 2,000kg to 4,000kg; 4,000kg to 8,000kg; 8,000kg to 12,000kg: 12,000kg and over.
Refund for unitisation would on the same principle reduce to 3 per cent.
The last stage of the rating is to allocate a rate per ton-mile for each of these categories and their sub-sections. The rating should obviously start with the highest rates
in the express categories and decrease gradually category by category, step by step, to be lowest in high-volume stand-by freight. It is, therefore, important to establish the highest and the lowest rate at the beginning of the exercise, and again to establish a differential between each category.
My opinion is that the rates should range from
72 US cents a ton-mile in express under 100kg, to between 13 and 15 cents a ton-mile for the subload over 12 tons category. The reduction from category to category and step to step will be directly related to volume and speed of delivery.

New rate advantages

What are the advantages of such a rate structure, and how does it fit into the modern trends in the air-cargo industry, both from the airlines' and shippers' points of view?
As mentioned earlier, the shipping public, which sponsors this industry, is really interested in the speed of delivery and the total cost of transport. A rate structure such as that suggested would make available to traffic-movement decision makers alternative rates more consistent with the urgency and volume of their cargo. It would give the shipper the option to pay more for what he needs urgently and pay less if he is not that much in a hurry, irrespective of the name and nature of his product.
More and more industrial concerns are relocating their facilities away from home base, either in search of lower labour costs or seeking proximity to their markets, or alternatively to avoid import restrictions. The shipping patterns of these industries are quite elaborate, and the

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air-cargo industry will be able to accommodate a larger volume of their traffic once we recognise that not all their cargoes are all that urgent and offer them different rates for different speeds of delivery.
As for the airlines, it could be an ideal solution to their load-factor problems, their decreasing yields and their increasing ground-handling and administrative costs.
I do not profess that this kind of rate structure will make the dreams of air cargo men come true, but it certainly has the right ingredients to achieve a reality as near as possible to the daydream, and to help solve the nightmare of decreasing yields, low load factors and the high cost of ground handling. This type of rate structure would have the following advantages: —
The air-cargo industry is not as unprofitable as some recent studies have indicated. It has a low profit margin which can be improved considerably if the ground-handling costs can be reduced and if pallets or containers can be loaded to their maximum weight capacity. This kind of rate structure provides the means for the airlines to have more time to handle the cargo on the ground. With more time available manpower can be employed more efficiently throughout the day, thus reducing considerably the cost of ground handling.

Specialised airports

The other cost-element of ground handling is the high rental at present airports. I do not believe that the industry has yet developed to the point at which it requires all-cargo airports. Such airports, however, will surely be required in due course in certain parts of the world. These specialised airports must be designed to the cargo indus-tries' requirements, rather than being conceived by clever designers and forced on the cargo industry. Until such time as all-cargo airports are in use, the airlines will have to develop air-cargo facilities outside the present airport premises where the cost of land is considerably cheaper. The rate structure as described would be especially suited to the needs of the wide-bodied jets. The large below-deck capacity is in effect a scheduled freight service operated out of tune most of the time. A time-differentiating rate structure might put some rhythm into it by giving the ground-handling organisations the required time to fiddle the cargo to the odd containers. Competition from the non-Iata cargo carriers is steadily mounting. Unless we rise to the challenge early enough, the fate of air cargo will be no happier than the well known predicament of its passenger cousin. Regulations have already been enacted in certain parts of the world which will make it difficult to differentiate between a charter and a regular service. The suggested rate structure puts an end to this illicit competition.
The air-cargo industry has gradually but surely lost control of the sales of its own product, while retaining the ever-increasing cost of its own sales machinery. The new rate structure should have positive means to regulate equitably the relations between the carriers and the forwarding agents. It has always been considered that a weightbreak rate system is a consolidator's paradise. There is no reason why we should not create a paradise for some-body else, as long as we can also enjoy some heavenly rewards.

An increasing number of airports around the world are imposing night-flying restrictions. These restrictions are affecting all-cargo flights most of all, owing to the present established pattern of cargo deliveries. This rate structure will cause a change in the pattern of cargo deliveries and facilitate daytime cargo operations.
In closing, I would like to say that every speaker on the subject of air cargo I have listened to in the past five years has, in one way or another, emphasised the in-adequacy of the present rate structure. We in lata could of course ignore these cries of alarm, shy from the trials and tribulations of drastic change, and keep patching the present rate structure, as in the past, and hope for the best. If however we are to accomplish our aims and remain the leaders of aviation, more imaginative and daring action should be taken to establish a new rating structure.