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# IACT BULLETIN

Thank you for doing business with International Air Cargo Terminal Co., Ltd. (IACT). We would like to share the Daily Cargo's September 8, 2011 newspaper article about us.



日刊CARGO



In fall 2010 IACT (President T s u k a h a r a )

established a new loading ramp business at Narita Airport to further realize the corporation's potential and ensure its future. IACT now offers a complete cargo handling service. In addition, IACT is evolving its business. This fiscal year IACT is planning to strengthen its business environment, such as personnel affairs, by looking towards the future.

complete service for UL is 3 flights/week. Since October 31, the service for HX (passenger) is 7 flights/week. The total monthly passenger flights for this complete service at Narita Airport is about 43. The complete service consists of: 1. Terminal warehouse service; 2. Passenger flight handling; 3. Aircraft maintenance assistance; 4. Ramp-handling; 5. Cabin cleaning. In 2011, IACT started terminal warehouse service and ramp-handling for HX (cargo) and PO. Since March 29, HX started operating 5 flights/week and after July 10, started operating 6 flights/week. Since March 31, PO started operating 12 flights/week.

This complete service demonstrated its power by increasing air charters after the 3.11 Japan earthquake. In July IACT's total ramp-handling for tobacco imports was 10; 4 charters of Air Cargo Germany, 3 charters of Atlas Air, and 3 charters of Air Bridge Cargo.

## GEAR IT UP - CHANGE THE BUSINESS STRUCTURE FOR THE FUTURE

In September 2010 IACT became the majority shareholder of Sky Port Service (SPS) at Central Japan International Airport (Centrair), offering a ground handling service in which Mitsubishi Corporation is invested 100%. This allowed IACT to establish its new ramp-handling

business, as well as passenger services and operational support service in October 2010. Now that SPS is one of IACT's subsidiary companies, IACT is attracting new clients. This is because IACT is capable of offering a complete service, from the unloading of air cargo to the loading of that cargo onto a truck. IACT is gaining insight into its ramp-handling business by cooperating with INTEX (Headquarters: Tomisato, Chiba).

## SUPPORTING NEWCOMERS

IACT has established a Multi-Business System to maintain its original terminal warehouse business. IACT started physical operations at its terminal warehouse and an airline document service for both import and export in June 2009. The export cargo loading, traditionally done by airlines at Narita and Kansai Airport, was started in November 2011 to accompany the terminal warehouse's existing import cargo service.

IACT is the first non-airline warehouse company at Narita Airport to accept, store, and load export cargo; an innovative company in Narita Airport's cargo history. IACT has become the leading warehouse company in supporting new airlines at Narita Airport. This is because most Japanese airlines have a difficult time focusing on terminal warehouse services due to their lack of resources.

## INCREASED PHYSICAL OPERATIONS AT OTHER WAREHOUSES

One of the main reasons that IACT expanded into a multi-business



Top: IACT Narita Butsuryu Center  
Middle: ULD build-up  
Bottom: Ramp-handling service

New clients for 2010 and 2011 are SriLankan Airlines (UL) , Hong Kong Airlines (HX), and Polar Air Cargo (PO). Since October 1, 2010, IACT's

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company is because their biggest client, Nippon Cargo Airlines (NCA), started its own import warehouse business. NCA had its own export warehouse at Narita Airport Cargo Terminal, but no import warehouse. Nearly half of IACT's import cargo was from NCA, IACT's financially most important client. To obtain new resources and to make up for lost revenue, IACT determined to change its passive way of business after NCA decided to have its own import cargo warehouse in the Southern Cargo Area; otherwise, IACT would have been affected more severely.

IACT's gross income for the 2011 fiscal year (July 2010 – June 2011) was a 30.8% year-to-year increase (8.5 billion yen); however, the net profit was a 13.8% year-to-year decrease (343 million yen). The total amount of cargo handling for import increased 39.2% from the previous year (262,712 tons) and the total for export was 3.2 times greater than the previous year (34,479 tons). The total increase in cargo was due to the overlapping business needs from new clients and NCA before NCA left the IACT facility. The decrease was due to expenses for new rental warehouse spaces and labor fees for new clients.

The percentage of operations taking place at IACT's warehouse has changed, too. Most of its operations were done at IACT's own terminal warehouse before NCA moved to the Southern Cargo Area, but in July 2011 that changed to 43%. Now 57% of IACT's operations take place at other warehouses such as All Nippon Airways (ANA), NCA, and Tokyo International Air Cargo Terminal (TIACT) at Haneda Airport.

### CROSS-ORGANIZED EFFICIENCY

Today, IACT management's main focus is the future development of all of its business environments.

For instance, the Business Management Department was established in January 2011. Because of the common operations between IACT's and others' warehouses, the department "manages all the IACT's departments completely so that all of us conduct our operation

efficiently wherever we handle the business (President Tsukahara)."

It is expected that clients' requirements be followed as much as possible when IACT operates business at other warehouses. The cost will be reduced by the Business Management Department's cross-training of the employees for similar tasks and consistent procedures at any warehouse. This reduction in cost will also ensure IACT's increased competitiveness.

For IACT, business reform is critical, too. One way that IACT is reforming its personnel system is by creating Functional Positions and Main Positions. Main Position employees are those who work in the warehouses and Functional Position employees are those who acquire new clients and new business. Starting in October 2011, new employees can choose which position they want. This reform will be completed by April 2013.



IACT educates and prepares employees better using this new personnel system. IACT, in cooperation with a Japanese airline, sent a younger employee to China in January 2011 to broaden his experiences and worldview.

### INCREASED CARGO HANDLING AT NARITA BUTSURYU CENTER

Let's take a look at IACT's NCA related business. At NCA's import warehouse in the Southern Cargo Area, IACT's approximately 160 employees are responsible for the complete service of Unit Load Device (ULD) breakdown, bond-in check, storage, and delivery check including the loading of cargo into trucks which is banned at the Southern Cargo Area using truck companies' or air forwarders' forklifts.

IACT Narita Butsuryu Center at Airport South Industrial Park (Shibayama, Chiba) is used for export. Tokyo Customs assigned IACT as an Authorized Warehouse Operator in March 2011. There are many forwarders' hub stations there. Some of the loose cargo is delivered and sent to NCA's export warehouse after ULD build-up. NCA's same-day-loading cargo will join next-day-loading in September 2011.

The average monthly handling is 400-600 tons, although the total handling ability on the first floor of the Center is 2,000 tons. IACT also handles part of Thai Airways' cargo and is motivated to support more clients.

Since August 2011 IACT has been renting a new space at Airport Cargo Terminal; Room 105 in Cargo Building No. 2 (IACT #F). This is where NCA used to rent, but now IACT handles export cargo there. Because of IACT's spread-out facilities, their mid-term plan will designate the different warehouses' specific import/export purposes.

The amount of cargo handling at Haneda Airport is not as good as was expected. The ULD breakdown, loading check, and storage are done under the supervision of Haneda Air Ground Handling (HAG) at TIACT's import warehouse. IACT's skillful staff will continue to work at Haneda Airport in anticipation of increased cargo handling in the near future.

IACT has been redeveloping the business processing system ACE, the purposes of which are: 1. Reducing IT cost; 2. Creating uniform industry standards; 3. Outsourcing system maintenance; 4. Increasing expansion capability and improving the expandability, flexibility, availability, and security of data analyzing; 5. Embracing better maneuverability, higher performance, and newer technology. This system will be tailored to the functions necessary for the business.

Purpose 2 is the most important focus of ACE's redevelopment. It is better to have a common system that reduces transportation industry costs and increases user-friendliness rather than to have individual systems for each company in the air cargo industry.

Each participating company will share the costs of the common system's development. They will be able to customize their implementation of the common system to fit their individual needs and goals.

In October 2011 IACT will create a proposal for IT vendors incorporating other terminal warehouses' needs in the development of this common system. IACT will contribute to the efficiency and development of the air cargo industry by promoting a "standard and common Narita import cargo system." ¶