

Neutral Air Consolidators

OPENAP 2017.



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THE AIRFREIGHT WHOLESALER

- Fundamental purpose of an international airfreight wholesale business is to provide value added international airfreight service exclusively to freight forwarders and transport related companies .
- Airfreight wholesaling is the process by which freight agents can purchase space through the intermediary wholesaler for lower rates than offered by the carrier.



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MASTER CO-LOADERS & CONSOLIDATORS

- The main difference between Master co-loaders in Asia and traditional consolidators in the West, is that in Asia freight is consolidated and mixed to maximize profit, by aggregating ULDs actual weight over a period of days (7-15-30) but with out consolidating the documents .
- Multi MAWBS will be issued for several destinations in one zone , and under one or several ULDs , opposite to traditional consolidation , where the freight is billed by the wholesaler to forwarders per HAWB or Sub MAWB .



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MASTER CO-LOADERS & CONSOLIDATORS

- Airline bills Master Co-loader the BSA agreed rate after ULD mix and EQ ,while in the West , Airline bills consolidator per MAWB or per one single MAWB destination ULD .
- Neutral Brokers in the West , operate on a back to back MAWB targeting to a profit on per shipment basis and do not maintain scheduled consolidations or Mix BSA ULD deals – while Neutral Brokers in Asia operate as an intermediary between selected master co-loaders on specific airlines and trade lanes .



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Procurement- Business Model in China for Master co-loaders

AIRFREIGHT PROCUREMENT IS DRIVEN BY 5 IMPORTANT FACTORS :



- Equalization
- Blocked Space Agreements (BSA – CPA)
- SWAP
- ULD Contract
- Monthly Contract



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Equalization- EQ

WHAT IS THE BENEFIT OF EQUALIZATION?

- The Airlines allow the air cargo agent to aggregate pallet's or container's actual weight (ULD) in a spread of several days (usually in 7 days to 1 month) depending on the slack or peak season.
- Air cargo agents can eliminate paying pivot to the carriers. (EQ) allows master co loaders to aggregate weights to multiple destinations inside one or more ULDs .
- (EQ) allow air cargo agents to consolidate and mix high dense and volume cargoes over the agreed EQ period , with the advantage of issuing multiple MAWBS for several destination under one airline's ULD



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BSA - CPA BLOCKED SPACE AGREEMENTS

- Airlines sell most of their capacity at an all - year around, or under 3 seasons - basis to , a maximum of 10-30 airfreight companies (Known as Master Co-loaders) under soft or hard blocked space agreements , and under ULD and EQ (Equalization) period basis.
- Special rates apply but on a fixed monthly tonnage and EQ period negotiation



EXAMPLE

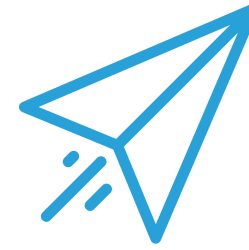
If a contract states 300 tones a month and agent delivers 200 tones - airline will charge for 300 tones. Equalization period 2 weeks.



SWAP

Swap - is the method where master co-loaders exchange cargoes ,ULDs and space allocation , either between different stations or between airlines , in order to :

- Achieve better ULD's utilization by mixing high dense and volumetric cargoes
- Achieve better EQ results
- Fulfill their dead space commitments to the airlines



EXAMPLE

Master co-loader A ,has a Special contract with EK to Europe , but they require 2 ULDs a week and a special target rate on SQ to North America . They can swap ,exchange ,ULDs and contract rates with a Master Loader B , who is specialized on SQ to North America ,and both can end up with the required space and very competitive rates, for a trade lane where they are not really specialized .



What does it take to become a Professional Airfreight Wholesaler and Neutral broker or Consolidator in Asia?

- At least 2 - 3 BSAs with major airlines for SWAP Benefits
- Space Brokerage department
- Multiple Vendors (fellow Wholesalers /Master co-loaders per Airline and Gateway)
- Various co – load customers/local freight forwarders
- Trade lane departments
- Professional overseas agents
- Networking with Master Co-loaders and Airlines
- Transparency
- Specialization (Trade lanes or Airlines)
- Educate your overseas partner on how to sell airfreight wholesale from Asia



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THE AIRFREIGHT WHOLESAL MARKET

Apart of the today's shipper demand and the new hybrid services that have been developed making airfreight wholesale services attractive, there a few equal important factors predicting a growth to the wholesale airfreight forwarding industry

- Security & Licensing Costs
- Accreditation costs
- Risk Management
- Cash flow concerns
- Outsourcing trends
- Industry's Merge & Acquisitions
- Spending cuts at the forwarding and Aviation industry.
- Shipper's demand for Personalized Service



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DEMAND FOR AIRFREIGHT – CHOOSING YOUR MARKET

- The demand for airfreight depends on the economic activity in the importing region or country ,conditioned by transportation costs, exchange rates , Trade Quotas and relative prices as well GDP growth where describes the consumer's demand .
- Commodities transported by air , tend to be valued at more than 16 USD per kilogram , it is therefore possible to project a potential air cargo market based on the percentage of trading goods (regardless of transport mode) that are valued above 16 USD per kilogram
- Future airfreight in landlocked new developing countries
- Choosing a market with a wholesale and outsourcing solutions culture



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The Wholesale Market – By Region in terms of business Model ,Trend, Popularity

Today	Tomorrow
<ul style="list-style-type: none">• North Asia• South Asia• Oceania• South Africa• North America• Europe• Latin America• Middle East	<ul style="list-style-type: none">North AsiaNorth AmericaEuropeSouth AsiaLatin AmericaAfricaOceaniaMiddle East



THE AIRFREIGHT WHOLESAL MARKET - CONCLUSION

- Over the long run , neutral airfreight wholesale will play an important role with in the global air cargo industry , traffic should continue to grow ,and airfreight increasingly will be integrated into multimodal supply chains that provide a better balance between cost and time .
- Airlines and cargo agents will continue to outsource cargo operations and security matters to 3rd parties ,reduce cashflow risks and cut spending .



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THE AIRFREIGHT WHOLESAL MARKET - CONCLUSION

- Demand for economy airfreight solutions will open to new developing markets by providing fast and reliable services for medium value goods ,and will continue to grow supporting production activities ,critical spare parts ,and high value inputs.
- Finally airfreight will increase in importance in supporting reverse logistics ,including repair and warranty work for electronics and high end consumer goods .



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NAC

- NAC (Neutral Air Consolidators) is a leading group of neutral airfreight wholesalers & consolidators, master co-loaders and brokers , aiming to drive buying power and deliver global neutral airfreight solutions across the cargo supply chain.
- NAC provides it's members a platform to engage with like-minded professionals who share the same passion for the neutral airfreight consolidation business and the tools needed to empower performance and to optimize results .
- Our partners are selected subject to neutrality , blocked space agreements with carriers , airfreight tonnage , as well as trade lane consolidation expertise ,and import-export sales focus



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NAC

- Our vision at Neutral Air Partner is to actively encourage cooperation between all of our members to both enhance their business opportunities and at the same time to create a platform for commercial collaboration to support and mentor companies that operate within the same commercial "space"
- Whilst we acknowledge the great work that has been done by the myriad of industry Networks, NAP remains committed to our core philosophy of "Business First" and we see the creation of NAC as a further demonstration of our commitment to niche development



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BENEFITS



- Global reach
- Partnering with like-minded experts
- Airfreight buying power
- Financial protection & credit alert tools
- BSA CPA airline agreements
- EQ & Mix BUP airline agreements
- Volume incentive programs with carriers



- Industry recognition of excellence
- Customized air cargo community tools
- Airfreight rate engine
- Airline & Trade lane expertise search engine
- Training courses and workshops
- Conferences and events
- Marketing and promotion



Thank you for
your attention..



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