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# INTERNATIONAL REVIEW

## IATA AIRLINES: AIR CARGO NEGOTIATIONS

MAY 14, 1969

THE INTERNATIONAL Air Transport Association's biennial Composite Cargo Traffic Conference, which opened in Athens, Greece, on 14 April, was successfully concluded 13 May. The member airlines' delegates reached unanimous agreement on worldwide cargo rates, patterns and commercial practices to come into effect 1 October 1969, for a period of two years, subject to approval by interested governments.

In addition to putting into action administrative, procedural and agency documents relating to the organizational aspects of international air operations, the Athens Conference also devoted considerable effort to a review of the industry's basic marketing policy in the present environment of steadily increasing costs and marginal profitability.

Following successful negotiations, unanimous agreement was recorded on a range of modifications to the present rating structure, based on a rationalization of the pricing policy for both highest density and smaller volume consignments.

The resulting changes in the rates mix will allow the airlines to offer more efficient and lower cost air cargo service to their worldwide customers and to establish a sounder economic posture to meet the tenfold growth forecast for the air freight business up to 1980. The additional revenues derived will also provide finances for continued expansion and to offset the huge investments required for new equipment, facilities and cargo terminals.

In their negotiations the delegates decided against major across-the-board increases in the current air cargo rates, but agreed to a new system of flat charges for maximum weight, unitized shipments of all types of commodities, together with both upwards and downwards adjustments in the present levels of the general cargo and specific commodity rates.

### I. NEW BULK UNITIZATION CHARGES

The new unit load device charges will offer rates to bulk shippers as much as 30 per cent below the present general cargo rates for volume shipment. This will utilize the largest container and pallet equipment and help to promote the flow of cargo traffic into large unit consignments.

The tariff will apply to point-to-point consignments using the full 125 x 88 inch and 108 x 88 inch pallets with nets or igloos, the Boeing 747 lower deck pallet with net or igloo, the lower deck half size containers for high-capacity aircraft, and the half pallets with nets or igloos.

The new plan will supplement the present shipper-owned container program, and will offer shippers and wholesalers the lower maximum charge for air shipment in exchange for delivery and collection of fully-loaded pallets and containers. Appropriate additional charges will be levied for airline loading/unloading of the unit load devices and for pickup or delivery of the units, brokerage, demurrage and so forth.

This new concept is expected to do much to relieve the airlines of the steadily increasing costs incurred for ground handling and other ancillary services currently provided for shippers and consignees.

## II. GENERAL CARGO AND SPECIFIC COMMODITY RATES ADJUSTED

In parallel decisions to match this new concept, the Conference agreed to adjustments in the current general cargo and specific commodity rates, many of which will offer additional benefits to shippers and agents. In most areas the minimum charges for both these categories have been increased, and in many cases the 45 kilogram weight break commodity rates have been eliminated.

The new rate structure agreed to at the Athens Meeting will be implemented in all areas on 1 October 1969, subject to the approval of interested governments. The general effects in the various traffic conference areas can be summarized as follows:

### A. *Trans-Atlantic Routes*

The new bulk unitization charges will be introduced on the North, Mid and South Atlantic routes effective 1 October 1969. Specimen rates between New York and London, for example, are:

<i>Type</i>	<i>Weight</i>	<i>Charge</i>	<i>Excess Cents/Kg</i>
Full pallet			
88 x 125 inch	2,300 kg	\$ 1,200	50
Full pallet			
88 x 108 inch	1,900	1,000	50
747 lower deck			
Full pallet	1,900	1,000	50
Half-size lower deck container for high-density aircraft	900	515	55

Rates between other North, Central and South American points and other European points will be extensions of this basic pattern.

Minimum charges for general cargo and specific commodities on the Atlantic routes will be increased approximately \$4.00 throughout. Most general cargo rates will carry an increase approximating up to five percent at the lower weight break levels where the greatest costs are incurred. Specific commodity rates will be subject to selective upward adjustments aimed at improving cost/revenue relationships.

### B. *Trans-Pacific Routes*

The unitized load rate will also apply to the North Central and South

Pacific routes effective 1 October. Specimen charges for the pallets/containers as listed for the Atlantic routes above are:

<i>Type and Weight</i>	<i>US West Coast -Tokyo</i>	<i>US West Coast -Sydney</i>	<i>New York -Tokyo</i>
2,300 kg	\$ 3,125	\$ 5,750	\$ 3,780
1,900	2,600	4,800	3,145
1,900	2,600	4,800	3,145
900	1,340	2,400	1,595

Minimum charges for general cargo and specific commodities will be increased by \$3.00-\$4.00 on the North and Central Pacific routes, and by \$2.00-\$3.00 on the South Pacific.

General cargo rates on the North, Central and South Pacific (U.S. West Coast-Tokyo) will be maintained at the present levels for the weight breaks up to 200 kilograms, but reductions will be introduced on the 200, 300 and 400 kilogram levels. South Pacific rates will be generally maintained at the present level, except for the elimination of the 400 kilogram weight and an adjustment in the differential in the weight breaks for Auckland-Sydney. Many new specific commodity rates and reductions in present rates will be applied on all three routes.

#### *C. Europe Asia (South Pacific Routes)*

Bulk unitization charges will be introduced between Europe and Japan and from Europe to Sydney, effective 1 October under the same conditions which apply to the Atlantic and Pacific routes.

The level of charges is:

<i>Type</i>	<i>Weight</i>	<i>EUR-Japan</i>	<i>EUR-Sydney</i>
Full pallet			
88 x 125 inch	2,300 kg	\$ 5,300	\$ 8,500
Full pallet			
88 x 108 inch	1,900	4,370	7,100
B747 lower deck			
Full pallet	1,900	4,370	7,100
Half-size lower deck			
container for high-density aircraft	900	2,275	3,650

Minimum charges will be increased to cover the general increase in handling costs. General cargo rates will show considerable decreases on the high weight breaks, with the 45 kilogram weight break retained. Specific commodity rates will remain at their present level, except for the elimination of the 45 kilogram weight break wherever possible. New lower rates for a large number of commodities will be introduced between Europe and the Far East.

#### *D. North, South And Central American Area*

Minimum charges for general cargo and specific commodities, currently based on the 45 kilogram rate, will be increased to a flat \$14.00 except for some specific Caribbean and South American points where the present

rate will be increased by amounts between \$1.00 and \$3.00. General cargo rates northbound will be increased between four and eight percent, depending on sectors, and between two and five percent southbound at 100 kilograms or less. Some decreases will account for new short-mileage routes.

Specific commodity rates will show some minor increases, with some eliminations where there is no traffic. About 80 percent of the 45 kilogram weight break levels have been eliminated and the 100 kilogram rate substituted.

No firm plans have been made for introduction of the new unitized pallet/container load concept within this area, but provision has been made for members to agree to rates and when a requirement is raised.

#### *E. Europe, Middle East, Africa Area*

A new experimental container rating will be introduced between the U.K. and some 33 European points, giving a 40-50 percent reduction on general cargo rates for consignments presented fully containerized. The rate covers standard size containers No. 3 (1,100 kilograms) and No. 7 (600 kilograms) to all these points, plus No. 13 (270 kilograms) to Iberian Peninsula points only.

Minimum charges for general cargo and specific commodities will be standardized at the charge for five kilograms, with some exceptions listed. The 45 kilogram weight break discount will be maintained for general cargo rates but there is a tendency for elimination of this weight break in the specific commodity rates.

General cargo rates within Europe will be increased between five and 10 percent. Between Europe and the Middle East, there will be a five percent increase eastbound, with the status quo maintained westbound. Within the Middle East, within Africa and between the Middle East and Africa present rates apply, except for minor adjustments. The rate from Europe to Africa will show a five percent increase, except for West and Central Africa. Northbound Africa-Europe remain at present level, except for an approximate 10 percent reduction for Ethiopia and the Sudan.

Specific commodity rates within Europe will carry a five to ten percent increase overall for general cargo rates, but all other areas generally will remain constant, except for some minor adjustments. Many of the rates below the 45 kilogram level have been eliminated.

#### *F. Asia-South Pacific Area*

Minimum charges will be increased from the three kilogram to the four kilogram level (35 shillings to 50 shillings). Other small changes will be made to various sectors which are the exception for the general rule.

General cargo rates will be held at the present level, except for the addition of rates to/from Kabul. Specific commodity rates are revalidated.

## INTERNATIONAL CIVIL AVIATION ORGANIZATION ESTABLISHES COMMITTEE TO INVESTIGATE FUTURE ACTS OF UNLAWFUL INTERFERENCE

ON 14 April 1969, in Montreal, the 27-member Council of the International Civil Aviation Organization (ICAO) decided to give immediate and continuing attention to future acts of unlawful interference with international civil aviation and its facilities. The ICAO Council, in its decision regarding this important subject, did not refer to any previous incidents of unlawful interference, but took action on the matter solely for the future safety and well-being of international air transport.

Attached is the final text of the ICAO Resolution, together with the terms of reference and working procedures of a special Committee of 11 Council Member States which will be established as soon as possible. The Committee will develop preventive measures and procedures which can effectively discourage acts of unlawful interference.

### ICAO RESOLUTION: UNLAWFUL INTERFERENCE WITH INTERNATIONAL CIVIL AVIATION AND ITS FACILITIES

#### THE COUNCIL,

GRAVELY CONCERNED that acts which unlawfully interfere with international civil aviation jeopardize the safety thereof, seriously affect the operation of international air services and undermine the confidence of the peoples of the world in the safety of international civil aviation;  
CONSIDERING that the threat thus posed to international civil aviation requires urgent and continuing attention by the Organization and the full co-operation of all Contracting States under the Convention on International Civil Aviation in order to assure the continued safety of international civil aviation;

1. Declares that acts of unlawful interference with international civil aviation are not to be tolerated;
2. Urges all Contracting States to take all appropriate measures to prevent the occurrence of any acts of unlawful interference so as to assure continued safety in international civil aviation;
3. Decides to give immediate and continuing attention to future acts of unlawful interference with international civil aviation by:
  - i. inviting all Contracting States directly concerned to furnish it with a report on all non-political aspects of cases of unlawful interference;
  - ii. developing preventive measures and procedures to safeguard international civil aviation against such acts; and

- iii. assisting, at the request of a Contracting State, the national authorities of that State in the adoption of such measures and procedures;
4. Establishes, in accordance with Article 52 of the Convention, a Committee of eleven members chosen from among the Members of the Council, to implement Clause 3 above under the terms of reference appearing in the Appendix to the present Resolution, and which will report to Council;
5. Decides that the Committee shall deal only with the aeronautical aspects of cases of unlawful interference and shall refrain from considering any case which may involve the Committee in matters of a political nature or of controversy between two or more States;
6. Decides that, for the purposes of the present Resolution, the expression "unlawful interference" means (1) unlawful seizure of aircraft and (2) sabotage or armed attack directed against aircraft used in international air transport or ground facilities used by international air transport;
7. Decides to review annually the question of whether the Committee should be continued and the composition of its membership;
8. Requests the Secretary General to invite all Contracting States to give their immediate and full co-operation to achieve the objectives of this Resolution and their suggestions for any other measures which they consider should be taken to prevent unlawful interference with international civil aviation.

## APPENDIX

### TERMS OF REFERENCE AND WORKING PROCEDURES OF THE COMMITTEE

1. The Committee shall deal only with the problems of (1) unlawful seizure of aircraft and (2) sabotage or armed attack directed against aircraft used in international air transport or ground facilities used by international air transport.

2. Whenever the Committee becomes aware of any incident of the type mentioned in para. 1 above, it shall evaluate the incident on the basis of the information available to determine whether it should, through the Secretary General, remind States directly concerned of the invitation of the Council to furnish reports on the aeronautical aspects of the incident.

3. Upon receipt of the reports mentioned in the preceding paragraph, the Committee will analyse them and present a statement of its findings to the Council, together with any recommendations for specific preventive measures or procedures it considers appropriate for approval by Council.

4. In carrying out its work, the Committee may invite advice and recommendations from States and, through States, from airlines, airport authorities and others, as well as from international organizations, which may be useful in developing measures and procedures to prevent the acts of unlawful interference enumerated in para. 1 above.

5. From time to time and as may be necessary, the Committee shall submit to Council for its approval measures and procedures which the Committee finds to be useful for adoption by States, airlines, airport authorities or international organizations to prevent the acts of unlawful interference enumerated in para. 1 above.

6. Whenever, in the course of its consideration of a particular incident, the Committee considers that an offer by ICAO to the States involved of the services of the Organization in the capacity of "good offices" would be beneficial, the Committee should bring this matter to Council for decision as to whether such an offer should be extended.

7. The Rules of Procedure for Standing Committees of the Council shall apply to the Committee, except that its decisions shall be by a majority of its members.