

Chapter 3. On the path to becoming a member of the incumbent carrier group

1. Aviation negotiations

Japan-US relations: The path to becoming an incumbent carrier

NCA steadily expanded the USA routes that had been the core of its business ever since its first flight. In 1995, NCA operated 12 weekly flights to four US destinations: San Francisco, New York, Chicago, and Los Angeles. NCA had been restricted to operate due to the MOU (Memorandum of Understanding) in 1985, which gave NCA the right to enter USA routes, the MOU in 1989, which allowed NCA to increase the number of its flights and destinations in the USA, and the ROC (Record of Consultations), which restricted NCA's many interests. This made NCA a so-called MOU carrier.

In January 1998, meandering negotiations over several sessions concluded in Washington with the so-called '98 MOU. This MOU increased the number of incumbent carriers (companies with unlimited rights on routes and flights between Japan and the USA) to three from Japan and three from the USA, promoting NCA to incumbent carrier status. NCA was freed from all restrictions on the number of desti-



A commemorative flyer for the 10th anniversary of NCA operations in 1995

nations in and flights to the USA. There were no more restrictions on so-called triangular operations and so on, so NCA could operate freely. On March 10, NCA began flying to Portland, Oregon, on twice-weekly Tokyo–Osaka–Anchorage–San Francisco–Portland–San Francisco–Anchorage–Osaka, and Tokyo–San Francisco–Los Angeles–San Francisco–Portland–Anchorage–Tokyo flights.

Japan-China relations: Growing along with the Japan-China market

With air cargo demand between Japan and China growing along with China's economy during the 1990s, NCA long sought the opportunity to enter the Chinese market. In October 1998, NCA received its share of the rights obtained by Japan in the August 1997 Japan-China aviation negotiations and was finally able to launch its first flight on an Osaka–Shanghai–Tokyo route. NCA's rights subsequently expanded along with the growth of China's economy. In 2004, NCA operated six weekly flights on a Shanghai route, and in the winter of 2004 it began code sharing with Air China (CA).

Other areas in Asia: Entry into Manila

In 1995, NCA operated 13 weekly flights to Asia, namely, Singapore, Bangkok, Kuala Lumpur, Seoul, and Hong Kong. In October 1996, the airline added Manila with a Tokyo–Manila–Singapore route. The Japan-Philippines aviation negotiations of April 1997 allowed triangular operation, enabling efficient transport. NCA's expanded rights for



The Shanghai route was inaugurated on October 27, 1998

number of flights and triangular operation in Asia enabled it to operate 23 weekly flights to six Asian destinations in 2004.

Europe: To London and Frankfurt

In 1995, NCA operated four weekly flights to Europe, i.e., to Amsterdam and Milan. In September 1998, it began flights to London. Because of the nature of the rights NCA obtained and the policy of the UK government that cargo flights use Stansted Airport, NCA operated a Tokyo–Amsterdam–London route using Stansted Airport.

As for Frankfurt, at that time NCA only had rights for flights departing from or arriving at Osaka, so it inaugurated an Osaka–Frankfurt–Milan–Osaka route in September 2000. Subsequently, in the Japan–Germany negotiations of August 2001 it was agreed that once public use of provisional runway number 2 at Narita began, Narita’s transport capacity would be increased and NCA would begin flying Frankfurt routes that depart from and arrive at Narita.

The Frankfurt route was inaugurated on September 24, 2000



Inauguration of the London route, September 8, 1998



2. Changes in the route network

Introduction of NCA's seventh and eighth aircraft and expansion of the route network

NCA had taken delivery of its seventh aircraft (JA8158) in December 1993, but due to stagnant air cargo demand had kept it parked and maintained in the USA. NCA put the aircraft into its business plan in July 1995, and in September was finally able to begin the long-awaited operation of all seven of its aircraft. NCA had been flying Asian routes from Kansai International Airport since it opened, but on November 8 it was able to use Japanese rights obtained in Japan-US aviation negotiations to open a Tokyo–Osaka–Chicago–New York–Osaka–Tokyo route, expanding its route network from Kansai.

On October 7, 1996, NCA began operating one weekly Tokyo–Manila–Singapore–Manila–Tokyo flight, with Manila becoming the airline's sixth destination in Asia.

On May 15, 1997, NCA obtained licenses for Tokyo–Anchorage and Osaka–Anchorage routes, enabling it to transport fresh cargo from Anchorage and to transship cargo originating from Narita or Osaka at Anchorage. On June 7, NCA opened a Tokyo–Osaka–Anchorage–San Francisco–Los Angeles–Anchorage–Tokyo route, its first from Kansai to the US West Coast.

In addition, NCA put its eighth aircraft (JA8192) into its business plan in August 1997, and in September began full operation with eight airplanes. NCA accordingly opened an Osaka–Manila–Kuala Lumpur–



Inauguration of the Osaka–Chicago–New York route, November 8, 1995

Manila–Osaka route on September 12. Along with expanding its routes from Kansai to Asia, NCA increased the convenience of shipping from Kansai to Europe by opening an Osaka–Anchorage–Amsterdam–Anchorage–Osaka route.

On July 1, 1997, forecasting expanded future demand based on the entry of IT-related companies into Texas, USA, NCA opened a Dallas Sales Office under the control of the Los Angeles Branch.

Introduction of NCA's ninth and tenth aircraft and further expansion of the route network

On May 1, 1999, NCA began operating one weekly flight on its Tokyo–Seoul–Osaka route, linking Seoul and Osaka for the first time. That June, NCA put its ninth aircraft (JA8181) into its business plan and began full operation of nine aircraft with its winter schedule. Its basic schedule increased by five flights per week, to 43.

NCA took delivery of its tenth aircraft (JA8182) on February 23, 2001, and put into its business plan on March 5. NCA began full operation of 10 aircraft with the opening of its summer schedule on March 25. The airline's basic schedule had 48 weekly flights.

Unprecedented sluggishness in cargo demand and the suspension of the Portland route

As described above, NCA had steadily increased its aircraft and expanded its route network. In FY 2001, however, it faced unprecedented sluggishness in demand due to a recession in the IT industry. Reeling from

a major worsening of its income-expenditure balance, NCA sought to control costs through greater efficiency. Beginning that September, it cut its basic schedule back to 46 flights per week. Furthermore, the multiple terrorist attacks in New York and Washington that September 11 (which will be further discussed below), caused security checks for air cargo to become markedly stricter, and air cargo demand slumped even more. NCA therefore posted an ordinary loss of ¥7.29 billion for FY 2001. This was NCA's first loss since FY 1994. Once more, NCA had to carry an accumulated loss.

In Portland as well, IT-related companies withdrew or contracted one after another due to the IT slump, while demand for flights from Japan declined as well. Based on its judgment that a viable market could not be expected there, NCA suspended the Portland route and closed the Branch Office there on March 31, 2002. For the same reason, NCA closed the Dallas Sales Office at that time.

NCA took delivery of its 11th aircraft (JA8190) on April 12, 2002. The airline had been eyeing route expansion with the opening of Narita's provisional runway, but in light of the unprecedented slump in demand, NCA decided not to operate the new airplane. Instead, it put the aircraft into storage at ANA's Haneda maintenance center. The airplane was cared for and maintained there until October, when it was put into the basic schedule beginning with the winter schedule of five weekly flights to Shanghai and two to Frankfurt.

Eliminating the accumulated loss and taking on new challenges

In FY 2003, despite a jump in fuel costs and the loss of productivity that attended two incidents of damage to the airline's fifth aircraft (JA8191), recovering demand and earnest efforts to improve income-expenditure balances in each sector led to an ordinary profit of ¥2.428 billion. This exceeded the ¥2-billion ordinary profit called for in the first fiscal year of NCA's MAX07 medium-term management plan (for FY 2003–2007). The airline thus eliminated its accumulated loss one year ahead of schedule.

Supported by energetic cargo demand, during the following fiscal year, 2004, NCA posted records for both transport volume and business revenue, but increased fuel costs due to historically high prices cut sharply into ordinary profit.

Table 3-1. Flights and number of aircraft on NCA's basic schedule

Fiscal year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
US routes	11	12	13	14	13	14	15	13	18	18
European routes	4	5	5	6	8	9	10	9	9	9
Asian routes	11	11	11	14	17	20	23	25	28	29
Total	26	28	29	34	38	43	48	47	55	56
Aircraft in use	6	7	7	8	8	9	10	10	11	11

Note: Number of flights and aircrafts are as of the start of the fiscal year.

Table 3-2. Number of stops at overseas destinations

Fiscal year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
USA										
San Francisco	7	7	7	7	7	9	7	6	6	6
New York	7	7	7	7	7	7	7	7	10	7
Los Angeles	3	3	6	6	5	5	7	6	7	7
Chicago	4	2	6	6	5	5	6	5	9	10
Portland	–	–	–	2	2	2	2	–	–	–
Europe										
Amsterdam	4	5	5	6	8	8	9	8	9	9
Milan	1	2	2	2	3	3	3	3	3	3
London	–	–	–	–	2	3	4	3	3	3
Frankfurt	–	–	–	–	–	–	–	1	2	2
Asia										
Hong Kong	4	4	4	5	5	6	6	7	6	8
Singapore	7	7	7	9	9	9	10	10	8	7
Bangkok	5	5	5	6	6	6	7	6	7	7
Kuala Lumpur	2	2	2	3	3	4	6	5	6	6
Manila	–	–	1	3	3	4	5	5	6	5
Seoul	1	1	1	1	2	2	2	3	3	3
Shanghai	–	–	–	–	1	1	1	2	5	6

Note: Number of stops is as of start of fiscal year.

3. Response to changing markets

Results from the past 10 years

(1) Products from Japan

IT-related products such as printers, laptop computers, camcorders, and game devices, and digital home appliances were the mainstays of air cargo shipped from Japan during the second half of the 1990s. From the year 2000, however, the production bases for those products shifted to Southeast Asia and China. Although their routes changed to originate in Southeast Asia and China, these products remain mainstays for NCA.

Equipment for the manufacture of semiconductors and liquid crystals is cargo that requires great care, from handling to delivery. As NCA accumulated a record of achievement and gained the trust and appreciation of customers, this field became a specialty of NCA. Since April 2003, NCA has offered the high-added-value product Prio Super Sensitive that specializes in transporting large, ultra-precise semiconductor equipment while minimizing the influence of shaking impact, temperature, and humidity.

(2) Seasonal products

Beaujolais Nouveau

At first, NCA did not actively pursue the transport of Beaujolais Nouveau wine every November because of concern that it would hinder its regular mixed-load business. Because the fee for Beaujolais

Nouveau is much higher than for general cargo, however, NCA began actively seeking that business in 1999.

American cherries

Imports of California cherries harvested early in the year became possible in the late 1980s. Because the Japanese market prefers the first produce of the season, the percentage of imports from California increased. Accordingly, reliance on charter flights from Seattle decreased, while regular and extra flights from San Francisco and Los Angeles became the mainstays.

(3) Transport of live animals

NCA has built up great trust with its transport of live horses (mainly for racing and breeding) to and from Japan. NCA carries out such transport all year long, but every November in particular it transports several horses to compete in the Japan Cup and then returns them to their own countries. In addition, NCA has transported several elephants from Thailand to Japan and back again. NCA's customers greatly appreciate the record it has built in the transport of live animals.

(4) Transport of event-related cargo

In NCA's search for new products, collaboration with ANA on event-related transport has produced several success stories. These are mainly in the sectors of art exhibitions, concerts, and automobile racing. In 2003 and 2004, NCA and ANA were designated the official airlines of the Indy Japan 300 auto race. NCA flew a pair of charters



Transporting race horses

from Indianapolis to Narita and back, carrying cars, parts, and tools, to the great satisfaction of the racing teams.

Cooperation with ANA

Since its founding, NCA has built a wide-ranging cooperative relationship with ANA. Promotion of this worldwide cooperation has increased management efficiency and cost effectiveness for both companies.

(1) Sales and transport

Under the sales and transport system for areas serviced by both NCA and ANA, the two airlines' General Sales Agents (GSA) and General Handling Agents (GHA) make consignments to each other, raising the cost competitiveness of the ANA group. Among the advantages of such cooperation are more effective use of local staffs, flexible utilization of sales space, greater workforce efficiency for handling companies, and greater utilization of in-house cargo facilities. Other fruits of this cooperation include joint development of the "Prio" priority cargo product, joint transport campaigns, and shared system development.

(2) Operations and maintenance

ANA performs flight operations management for NCA (through shared use of operations managers). In addition, NCA also relies on ANA for flight operations support work in Narita, Kansai, and Shanghai. In addition, the two airlines worked jointly to develop operations management rules. Furthermore, NCA's Narita-based crewmembers are personnel

who have transferred over from ANA, and NCA receives crew training support from ANA.

On the maintenance side, NCA commissions line maintenance work from ANA in Kansai, Shanghai, Seoul, and so on, as well as all its dock shop maintenance.

(3) ANA's B767F freighter

With the opening of the 2,180-meter provisional runway at Narita Airport, ANA acquired a mid-size B767-300F freighter capable of utilizing the runway. ANA put the freighter into operation in September 2002, mainly on short routes. As soon as operations with the aircraft began, NCA implemented cooperative sales through code sharing on a Seoul route and interline operation on a Hong Kong route. As of April 2005, code sharing was being carried out on Hong Kong, Shanghai, and Tianjan routes

Code sharing and alliances

With its short history and its lack of large numbers of aircraft, an extensive route network, or broad rights, NCA must form alliances with other airlines as well as build up its network in order to thrive amidst fierce competition. On June 7, 1988, NCA began joint operation (code sharing) with KLM Royal Dutch Airlines on its first European route, Tokyo–Anchorage–Amsterdam–Anchorage–Tokyo. NCA has increased its alliance partners on its European, American, and Asian routes. As of April 2005, NCA had code shares and other alliances with six



All Nippon Airways introduces its first freighter in September 2002

airlines, All Nippon Airways, KLM Royal Dutch Airlines, Alitalia Airlines, United Parcel Service, Federal Express, and Air China. NCA began code sharing with Northwest Airlines on Tokyo–Osaka–Chicago routes on January 16, 1999, but that alliance ended on August 31, 2000.

4. Development of facilities

Development of North American warehouses

In January 1996, NCA completed construction of 4,140m² of warehouse space and 860m² of office space on the south side of Los Angeles International Airport at a cost of ¥500 million. Utilizing the experience it gained from construction of its ¥4.2-billion warehouse at New York's Kennedy International Airport, NCA constructed the facility to minimize the cost of investment. For example, it kept construction costs down by utilizing the framework of an abandoned Pan Am hanger and keeping the office to one story.

When NCA first began operating flights to and from San Francisco, it consigned handling to American Airlines, which had a warehouse on the south side of the airport. Beginning in April 1990, NCA commissioned Aircargo Handling Services Inc. to perform import handling at that company's warehouse to the west of the airport. This separate handling of exports inside the airport and of imports outside the airport caused some inconvenience. In November 2000, however, NCA was able to rent 5,100m² of space inside a large warehouse constructed by airport authorities, so it was finally able to build a unified in-airport system for handling both imports and exports.

In Chicago, NCA operated its own warehouse outside O'Hare International Airport beginning in February 1991, but it subsequently sublet land in the airport's south cargo area that was rented by Northwest Airlines from the City of Chicago. In May 2000, NCA



The Los Angeles Branch warehouse



The San Francisco Branch warehouse

completed construction there of 5,440m² of warehouse space (including 1,400m² rented from NWA) and 1,900m² of office space.

NCA was thus equipped with its own warehouses in four major North American airports. This helped NCA to ensure transport quality and on-time departures. On the other hand, this increased building maintenance costs and transport outsourcing costs. Because the JFK warehouse was particularly large, NCA sought to cut overall costs by renting out part of it to other airlines even before it was completed and by actively seeking commissions for handling cargo from other airlines. At the Chicago, Los Angeles, and San Francisco warehouses as well, in addition to handling ANA's cargo, NCA uses its excess capacity to accept work commissioned by other airlines. In this way, NCA therefore took on the dual roles of airline and warehouse company in North America.

Development of offices

(1) Head Office

After beginning in July 1978 as a single room inside ANA in the Kasumigaseki Building, NCA's Head Office moved five times and is now located in the Shiodome City Center. In March 1997, the Head Office moved from the Shiroyama JT Mori Building to the 10th floor of the New Kasumigaseki Building, mainly to cut costs. NCA's marketing division had been located there from 1987 through 1991, so NCA essentially made a U-turn to New Kasumigaseki. Because the space there grew insufficient, NCA's Home Office moved to the Shiodome City Center when it opened in March 2003.



The Chicago Branch warehouse



The ETV inside the New York Branch warehouse

(2) Offices in Asia

NCA entered Hong Kong, its first Asian base, in September 1986. From the start, NCA operated two offices, one in the city and one at the airport. This system continued even after moving from Kai Tak Airport to the new Hong Kong International Airport in July 1998. In the city, NCA sublets space in ANA's offices, while at the airport it is located inside ASIA Airfreight Terminal's (AAT) warehouse.

Since opening in October 1987, the Singapore Branch Office has been located inside the Singapore Airport Terminal Services (SATS) building in the cargo area of Changi Airport. Sales, freight service, flight operation, and maintenance functions are concentrated in a single location.

NCA began operating in the important Asian market of Bangkok in November 1988. Based on work conditions there, NCA decided to have separate offices in the city and at the airport. As of May 2005, NCA has an office in the city in the same building as ANA, while its airport office is in a warehouse belonging to Thai Airways, which carries out cargo handling for NCA.

In June 1990, NCA began service to Seoul. Because NCA uses a general sales agent system there to carry out its business, it only has a small office inside the city.

In October 1994, NCA began serving Kuala Lumpur. Initially, NCA had its own office inside a Malaysia Airlines warehouse, but with the opening of Sepang Airport, NCA's office moved to a Malaysia Airlines warehouse in that airport.

In Manila, where NCA began flying in 1996, NCA established an

office inside a warehouse belonging to Globe Ground PAGS inside the airport cargo area. It concentrates all functions there.

In response to China's ever-expanding economy, NCA began serving Shanghai in June 1998. At the time, ANA was already serving that city, so NCA developed a lean system that commissioned all work from ANA. At first, the office was located at Hongqiao Airport, but later it moved into the city. In order to improve work efficiency, the office moved into the Ramada Hotel inside the airport in November 2004.

(3) Offices in Europe

In June 1988, NCA began operating in Amsterdam, NCA's first European base and destination. In 1987, NCA had established an office in a building owned by the Schipol Airport authority. In November 1992, however, NCA moved the office to KLM Cargo Terminal 3 due to a need to increase the branch's efficiency and cut costs. Subsequently, NCA moved the office to the Aero Ground building when it shifted responsibility for ground handling to NCA.

In addition, NCA established offline European bases and Sales Offices in Paris in 1991 and in Rome in 1995. Worsening market conditions, however, led to the closure of those offices.

Following Amsterdam, NCA began operating to Milan in 1992. When operations began, NCA had its office outside the airport in the Segrate district. In May 1997, the airline moved the office to a building adjacent to the passenger terminal at Malpensa Airport. In October 2002, NCA moved its office to the new Cargo City cargo facility



The home of the Amsterdam Branch

developed by airport authorities as part of the Malpensa 2000 plan.

In June 1998, NCA began flying to London's Stansted Airport. Due to the fact that NCA contracted with ANA to carry out all its work in London as well as to the unavailability of suitable space at Stansted, the airline established its office at Heathrow Airport. In May 2002, however, NCA moved the office to Stansted Airport because the distance between the two airports impeded efficiency.

5. Promotion of increased use of information technology

Completion of an office automation system

After the release of Windows 95, most companies in Japan hurried to distribute a computer to each employee. NCA, however, was ahead of this trend. It completed distribution of terminals and development of company intranet, e-mail, and internet environments during 1997. Overseas, NCA completed the same work in the first half of 1998. Its English-language intranet went on-line in 2000. In 2002, NCA obtained the new domain name “nca.aero” to better express what the airline is about, changing its website and e-mail addresses.

Achievement of on-line links

The SCARGO accounting system is one of NCA’s basic business systems. The airline’s managerial accounting and general accounting servers had been separate, so accounting data could not be used efficiently. In addition, as NCA’s business scale expanded, accounting processes between the Head Office and Branch Offices began to require enormous amounts of time and effort. These conditions made a new accounting system necessary. Development of a new system began in March 1999. Following about one year and seven months of development, the new SCARGO II accounting system went into operation in the Head Office in November 2000. Operations in domestic Branch Offices began the following January, followed by overseas Branch



The new SCARGO II accounting system

Offices in February. The new system integrated general and managerial accounting on a single server while linking the Head Office on-line to Branch Offices. The system improved overall work quality and speed.

Responding to customer demand for advanced data services

Cargo information systems have a major impact on the ability to provide information to customers. Because such systems involve a wide array of sectors, i.e., transport, marketing, income management, performance, and provision of information, NCA began by forming a study group in April 1998. The group surveyed units related to the Head Office, as well as domestic and overseas branches, to gain an overview of the necessary conditions. After six months of study, the group compiled a “conceptual report on the next cargo information system,” which was approved for use inside the company that October. Following about one year and five months of adjustment to work conditions and study of systemization and a year and three months of systems development, the new MC2 cargo information system went into operation in December 2001.

As for airport handling systems, NCA deployed the CNESS and AIRES warehouse handling systems at Narita and its North American bases, where it had its own warehouses. This achieved marked improvements in handling work, immediate transmission of data to host systems, and direct interfaces with customs systems.



Internal training in New York



The MC2 cargo information system

6. Improving transport quality

eWG development and organizational review to strengthen marketing ability

In June 2002, the Marketing Headquarters, Freight Services Department, and IT Promotion Office joined to form the e-Business Working Group (eWG) in order to maximize income and cargo volume, improve customer service, and pursue internal work efficiency through optimal use of the MC2 system. Operation began that July based on three key concepts, (1) “adoption of new revenue-increasing mechanisms,” (2) “capacity control,” and (3) “strengthened integration with hub airports.”

Following evaluation in Japan, the aim for the future is to introduce the same concepts in the USA, Europe, and Asia, building a system to strengthen global, unified functions.

Development of new “Prio” products

Together with ANA, NCA introduced “Prio Freight” as a priority product for large cargo in November 2000 and “Prio Express” for small cargo in April 2001. In addition, NCA established the Prio Working Group in 2002 to find ways to distinguish the airline from its competitors through its high transport quality. Based on the group’s study of new products, in April 2003 NCA introduced four new products, including “Prio Sensitive” for transport of precision devices and “Prio Super Sensitive” for transport of ultra-precision machinery used to manufacture semiconductors and the like. In August 2004, NCA added



Prio Freight goes on sale in November 2000

“Prio Art” for the transport of works of art and “Prio Vehicle” for the transport of automobiles.

Global contracts with forwarders

In order to expand sales by meeting the needs of cargo owners and forwarders on a global basis, remedy an over reliance on Japanese forwarders as a source of cargo, and pursue more stable income by balancing the shares of Japanese and foreign forwarders, NCA signed a global contract with Exel in April 2003 and another with DHL Danzas Air & Ocean that October. In concrete terms, NCA set area sales goals for Europe, North America, and Asia and worked to strengthen relationships with those companies and increase volume by providing incentives for meeting the goals.

Improving transport quality

Aiming to raise transport quality to an even higher level, NCA implemented three-part reforms based on “transport campaigns,” the setting of “NCA service standards,” and development of a “next-generation cargo information system.”

Every November beginning in 1990, NCA has set themes for “traffic campaigns” designed to educate all personnel who work in traffic, including personnel from contracted companies, about the need to further raise traffic quality. Since FY 2001, a part of the campaigns has been Quality Exhibitions, which are plans and operations to improve quality that are initiated independently by individual units. The



Transporting heavy cargo

Freight Services Department judges the reports from each unit and selects the top two from each area. The results are announced and prizes are awarded every April following the Traffic Managers meeting.

Operation of NCA's service standards began in August 2000. In order to maintain and improve the level of service NCA provides, the airline quantified its standards and clarified conditions, requirements, environments, and so on. In order to maintain the level of service, NCA requires that companies it contracts with for handling meet these standards. In addition, when NCA negotiates to undertake handling, the standards become a tool to demonstrate the level of service it is capable of providing.

As for computer systems, in August 1998 NCA announced the development concept for a new cargo information system to replace COBRA. Greater data precision and more processing speed were necessary in order to meet customer needs. A strengthened data interchange function was incorporated with EDI. Cutover took place in December 2001. As mentioned above, the new system was named "MC2." For warehouse management, NCA developed and operated HAWCS at SFO and CATS at JFK on personal computers. In June 1998, NCA developed the North American import cargo system AIRES for the primary purposes of integrating with the US Customs AMS system at all NCA's North American destinations and systematizing all in-warehouse import work. The system was first introduced at JFK and then gradually adopted at other North American destinations. In addition, CHESS was added in Japan in September 2001. With MC2,



Caps for Traffic Campaigns

AIRES, and CHESS in operation, the software side of traffic quality improved.

In April 1994, NCA developed a new traffic system and adopted a supervisor system. It promoted the outsourcing of all other work.

CARGO 2000

In the international air cargo industry in 1997, airlines and forwarders from around the world gathered under the auspices of the IATA to form the Interest Group Cargo 2000 (C2K). C2K began its activities among airlines and forwarders with the three main points of dynamic information sharing, construction of a worldwide quality management system, and cost saving through the reduction of redundant work. Determining that what customers want is “visibility” and “reliability,” C2K developed the following common indices for measuring transport quality. (1) correctness of advance air waybill information from forwarders, (2) consignment of freight at the originating airport within the specified timeframe, (3) loading rate on reserved flights, and (4) confirmation of arrival at the destination airport within the specified timeframe.

NCA joined C2K as a supporting member in April 2001. While collecting information on C2K and studying it from a variety of angles, NCA waited for the 2002 implementation of the MC2 system to become a full member. In December, NCA established a CARGO 2000 Project Office and began C2K activities. In the spring of 2003, the “C2K Quality Manual” was completed. Following several pre-inspections by the C2K Director, NCA passed the membership inspection in June



A Cargo 2000 certificate

2003. As a first step, NCA obtained C2K certification for Narita, San Francisco, and New York. NCA subsequently obtained the same certification in March 2005 for Singapore, Amsterdam, Kansai, Hong Kong, Chicago, Los Angeles, and Frankfurt. NCA will work towards obtaining C2K certification at all its hubs and use those activities as a catalyst to achieve even higher transport quality.