

Taking Off.. The 1970s

The early 1970s marked the take-off of the air cargo business in Malaysia and Southeast Asia. Then, industrialization was spreading throughout the region at a time when airfreight was emerging as a commercially viable option with the coming-of-age of several carriers like Malaysia Airlines System (MAS).

Before this, sea freight was the normal mode of transport for goods while air cargo consisted mainly of mail, frozen foods and live animals. Increasingly over the decade, this was to change as Malaysian manufacturers relied on air transport to export their computer components, electronic goods and apparel while importing raw materials and consumables. Even before the split from Malaysia Singapore Airlines (MSA) in 1972, local freight operators had already begun to draw MAS' attention on how lucrative the air cargo business could be. They highlighted airfreight's selling point - faster delivery at lower operational costs means faster and greater profits. By the mid-1970s, the freight operators' campaign "Fly it rather than sail it" was in full swing, as were such innovations as containerization of air cargo. Soon, airfreight - previously thought of as 'incidental' revenue - was overtaking passenger sales in profitability.

By now, it was clear to MAS as well as other regional airlines that they would be running at a loss without cargo revenue. In the five years since MAS started operating as a truly national airline, the volume of air cargo had grown six-fold whereas passenger load had merely doubled. Based on such figures, airline industry players predicted that future expansion of airlines would be linked more closely to cargo than passengers.

Accordingly, MAS set out to develop the Subang International Airport as a regional transshipment centre for all international flights and the Senai Airport as an air cargo centre for Southeast Asia. It invested millions in upgrading its cargo handling capacity at several airports, constructing a master cargo complex at Subang and expanding facilities at Senai and Penang. The airline also added to its cargo handling staff, purchased new equipment and acquired a Boeing 737 cargo aircraft. Additionally, MAS announced plans to add two B-747 jumbo jets and six B-737s to its aircraft inventory by 1981. Another event in 1977 expedited MAS' growing focus on its air cargo business. The Government announced an RM800 million deficit in invisible trade, with the bulk of this being international freight charges and insurance premiums. By the late 1970s, MAS began using the title 'MAS Kargo' in referring to its air cargo division. The airline also unveiled plans for high cargo capacity, packaging assistance, skilled cargo handling staff and sophisticated equipment - all measures to take the air cargo business into the next decade.



1970s Milestones

1971

April 3:

Malaysian Government registers Malaysia Airlines Bhd (MAL) as the company to operate the country's national airline in preparation for the split from Malaysia Singapore Airlines (MSA).

Nov 23:

The new airline is now known as Malaysia Airlines System (MAS).

1972

Sept 12:

Cargo handlers urge MAS to introduce cargo flights between East Malaysia and Singapore, claiming commercial flights do not provide sufficient cargo space. They feel freighter services would grow into a "lucrative business".

MSA was then operating a dedicated air cargo service on that route with two Fokker Friendships carrying 9,000kg each week.

Sept 30:

MSA concludes operations.

Oct 1:

MAS takes off as an independent airline. Its inventory totals 19 aircraft including seven Boeing 737s, nine Fokker Friendships and three Britten Norman Islanders

1973

January:

The air freight business starts to come alive three months after the launch of MAS. With the volume of air cargo increasing by 15% monthly, MAS records more than 350,000kg of inbound and outbound freight this month.

The typical inbound cargo includes motor vehicle spare parts, machinery, clothing, frozen foods, pharmaceuticals and even day-old chicks. Outbound cargo mostly comprises batik, oil palm seeds, cocoa, assembled electronic components and the odd live monkeys.

March 30:

America's Trans World Airlines (TWA) links up with MAS in Hong Kong and Taipeh to provide an air freight service between the US and Southeast Asia.

April 1:

MAS launches flight service to Hong Kong. The MAS cargo office is then handling cargo for 13 other major international carriers at the Subang International Airport.

June:

A new cargo complex is completed, adding another 10,000 sq ft of floor space to the 3,700 sq ft at the existing warehouse.

1974

Jan-Dec:

The volume of cargo passing through Subang exceeds 10 million kg, a four-fold increase from 1970.

Malaysia is among only a few countries to register growth in air cargo at a time when almost all others are experiencing a slump.

March:

MAS begins expanding its staff strength including cargo handlers from 60 to 90 personnel.

May:

MAS acquires new loading machinery as an increasing number of forwarding agents begin to set up base in Kuala Lumpur.

1975

June 10:

MAS announces construction of new 85,000 sq ft cargo complex at Subang to begin in early 1976. It is scheduled for completion in 1977 to cope with the rapid increase in air freight.

Nov 4:

The first MAS Boeing 737 cargo aircraft arrives in Malaysia. It carries a cargo capacity of 12 tonnes.

Nov 16:

MAS launches dedicated cargo flight between Kuala Lumpur and East Malaysia. The Boeing 737 flies twice a week to Kuching and Kota Kinabalu.

1976

Jan-Dec:

Air cargo posts a phenomenal growth rate of 40% over the previous year.

MAS cargo revenue expands by 26% to reach RM33 million - 12% of total MAS revenue.

1977

Jan 16:

The New Straits Times makes reference to 'MAS Kargo' in a story on the booming air cargo business. This is perhaps the first time any distinction is made between MAS and its sideline operations.

Aug 17:

Luxembourg-based all cargo carrier, Cargolux International announces plans to establish Kuala Lumpur as transshipment centre for air freight between Europe, Southeast Asia and Australia.

This is a major boost to the MAS air cargo business.

Sept 27:

MAS announces growth of air cargo revenue for the financial year ended March 1977 to RM40.5 million. Total cargo lifted reaches 32.5 million kg, an increase in excess of 20% over the previous year.

Nov 1:

MAS launches cargo service to Sabah for delivery of goods to Tawau and Sandakan.

1978

Sept 29:

The volume of air cargo handled by MAS continues to register double-digit growth. Total tonnage exceeds 35,000 tonnes.

Oct 8:

The Federal Government approves an allocation of RM43 million to upgrade the Senai Airport in Johor to turn it into a regional air cargo transportation hub.

Oct 16:

MAS introduces a new security system at the warehouse in Subang to prevent escalating theft of cargo.

1979

Feb 21:

MAS loses RM6 million in cargo earnings due to a general strike affecting the entire national carrier.

April 15:

The number of cargo handling staff at Subang tops 150 to cope with the workload as MAS now handles cargo for 21 major airlines.

April 13:

MAS floats a proposal to incorporate a subsidiary company to handle ground services including air cargo handling.

Sept 11:

MAS announces it will introduce a computerised information system in January 1980 to speed up quick retrieval of air cargo. The system enables MAS cargo handlers to track consignments. This is part of measures to modernise and upgrade its booming air cargo operations. MAS will be the first in the region to introduce such a round-the-clock computerised system.

Sept 18:

Total air freight exceeds 40 tonnes, another 15% increase over the previous year.