

Climbing Out.. The 1980s

Air cargo continued to grow as a business throughout the 1980s, with the most significant expansion taking place across the Asia-Pacific region where newly industrialized nations joined the major league in trade. Air freight was described as "the fastest offshoot of the airline industry" and by the mid-80s, the International Civil Aviation Organization (ICAO) was forecasting that Asia Pacific would become the largest air cargo market by the end of the decade. In 1972, the region contributed only 7% of the world's air cargo traffic but by 1982, it had shot up to 22%. Malaysia was one of the emerging trading nations consistently posting double-digit growth rates in air freight, with MAS the major player for inbound and outbound air cargo in Malaysia. Other major airlines including several dedicated cargo carriers like US-based Flying Tigers and Lebanese-flagged Trans Mediterranean also sought to capture a slice of the lucrative Malaysian market. At one stage, this phenomenon alarmed the Government enough that it began calling for greater private sector involvement in air cargo to offset net freight and insurance payments in the billions of ringgit. During this period, MAS was always playing catch-up with its limited cargo capacity on flights and in particular, insufficient storage space at almost all airports. This was especially the case at the Kuala Lumpur International Airport in Subang where air cargo annual throughput had grown from just 2,400 tonnes in 1970 to 76,000 tonnes in 1980 and was exceeding 300,000 tonnes by the mid-80s. In response, MAS added or expanded new facilities at all the major airports. These included a 150,000 sq ft cargo complex with capacity to handle 160 million kg annually at Subang and a new facility for Penang. Additionally, warehouses in three other airports - Kota Kinabalu, Kuching and Senai - were expanded. In total, these measures created an extra 300,000 sq ft of cargo space at the five airports. To meet the demand for cargo uplift, MAS also set about to enlarge its fleet. The first B747s arrived in 1982 and by the late 1980s; the national carrier had purchased B747-400 Combi that could boost its international cargo capacity by as much as 30%. This was still insufficient for MAS to cope with the escalating demand, even despite several pacts with other airlines and cargo carriers to operate joint freighter services. By the late 1980s, MAS began casting its eyes at dedicated cargo services to popular destinations for Malaysian exports like Japan, Hong Kong and Europe. It was a natural and above all, logical progression for the airline since air freight revenue was approaching one fifth of MAS' total income. For instance, air cargo brought in RM220 million for the national carrier in 1988, a figure that was four times the amount at the start of the decade. At around the same time, MAS mapped out a strategy to take the business to a higher level. A strategy that was characterized by "wide cargo sales and efficient ground handling support." As the 80s was drawing to a close for the dawn of a new decade, the MAS cargo sales department was already looking ahead.



1980s Milestones

1980

March 14:

MAS announces tie-up with US-based Flying Tigers, one of the world's largest air freighting companies.

Under the joint venture agreement, the Flying Tigers will operate two B-747 flights weekly between the US and Malaysia from July while MAS will handle ground services and the local market.

Sept 8:

Air freight operators complain to the Malaysian Government that the inadequate facilities at Subang are unable to cope with the average 40 shipments per day.

Sept 10:

Responding to the complaint, MAS offers the Customs & Excise Department at Subang a 6,000 sq ft area to clear the growing log-jam of air cargo consignments.

1981

July 1:

MAS concludes purchase of two Boeing 747s to be delivered in May 1982. This is also a boon to MAS Kargo in efforts to cope with the rapid growth of air cargo.

July 11:

Bank Negara announces that freight charges by 1985 could reach RM4 - 5 billion due to escalating trade with countries like Japan.

July 26:

MAS announces a stop to air freighting live swine.

Aug 29:

International air cargo comprises almost two thirds of MAS's air freight. MAS considers scheduled cargo flights to international destinations.

Nov:

MAS sets up a subsidiary company to provide a nationwide air cargo trucking service.

1982

Feb 17:

The Department of Civil Aviation (DCA) announces that work will start in mid-1983 on a new multi-million ringgit air cargo warehouse at the Bayan Lepas International Airport in Penang.

Feb 26:

MAS releases forecast that total volume of air cargo for the financial year ending March 31 will reach 52,000 tonnes.

Nov 21:

The number of freight forwarders with offices at Subang reaches 16, four times the number for 1974.

The New Straits Times publishes a story on the new 150,000 sq ft MAS cargo complex, which is scheduled for completion in 1985.

The complex will be able to handle an annual capacity of 160 million kg with enough space for cargo from four jumbo freighters at any one time.

1983

Aug 2:

The Government announces plans for a new cargo complex in Penang. It floats the idea that the complex may be operated by the private sector.

1984

March 30:

Revenue from air cargo hits the 20%-mark of total MAS revenue.

MAS predicts this figure will rise dramatically once the upgrades and expansion of warehouses at five airports are completed.

May 23:

The International Civil Aviation Organisation (ICAO) forecast that Asia-Pacific would be the largest air cargo market by 1992. Currently, the region accounts for 25% of air cargo volume.

Sept 20:

MAS sets up subsidiary company Pengangkutan Kargo Udara MAS Sdn Bhd to provide bonded trucking services.

Air cargo now brings in RM120 million, a significant jump from the RM50 million for 1980.

Sept 27:

Penang suggests an air cargo link between the island and the west coast of Canada.

Oct 26:

The Flying Tigers, which operates two weekly cargo flights between the US and Malaysia, requests for a third flight to meet the rising volume of air freight.

Dec 5:

The Government announces plans to build an 'air cargo village' at Subang.

1985

April 30:

Bank Negara reports that net freight and insurance payments has exceeded RM2.27 billion. In response, the Government calls on greater private sector participation in the air cargo business.

Aug 13:

MAS opens its first-ever mechanised cargo warehouse at Petagas in Kota Kinabalu.

Dec:

MAS is privatised by the Government and goes public with listing on the Kuala Lumpur Stock Exchange (KLSE).

1986

March 1:

The new cargo complex at Subang begins operations with a capacity to handle 300,000 tonnes of cargo annually.

May 3:

MAS forecast that air cargo revenue will reach RM167 million for the 1986/87 financial year with the introduction of B-747 flights to Los Angeles, Tokyo, and Europe in July.

1987

Nov 2:

The New Straits Times publishes a story ranking Subang's MASGO - a computerised cargo reservation, information and documentation system - as the most advanced in the region.

1988

March 19:

MAS reports yet another year of positive growth for its air cargo business, with revenue surpassing RM220 million for the 1987/88 financial year.

May 19:

MAS announces plans to introduce two Boeing 747-400 Combis to its fleet.

This would increase its international cargo capacity by 30% and help boost cargo revenue past the RM400 million-mark by 1989.

Sept 22:

MAS releases news for the construction of an ultra-modern cargo terminal at Penang. Work is expected to commence in 1989 with completion the following year.

The terminal will be equipped with an elevated transfer vehicle (ETV).

Oct 19:

The number of air cargo staff at Subang now totals 365 personnel.

1989

July 15:

MAS proposes that Penang's air cargo complex be designated as a Free Trade Zone (FTZ), a first for Southeast Asia.

Aug 21:

MAS' cargo revenue is forecast to reach RM266 million for the financial year 1989/90.

Sept 15:

MAS reveals that it could soon start operating dedicated freight services to international destinations.