

Leveling Off... The 1990s

The cargo division of MAS entered the 1990s faced with many of the same constraints from the previous decade as the air freight business continued to expand at breakneck pace. MAS was put under considerable pressure from the Government and the nation's industries to provide adequate cargo space for their growing exports. The issue took on further urgency when the International Air Transport Association (IATA) predicted in 1991 that the Malaysian air cargo industry would register the highest growth rate in the world for the first half of the decade. The national carrier's dilemma was simple. It had limited landing rights for most international destinations and could only schedule full freighter services by correspondingly reducing passenger or combi flights. While negotiating for more traffic rights worldwide, MAS responded to the situation by tying up with other airlines and cargo carriers to operate joint freighter services. They included Air France, US-based World Airways, Dutch carrier KLM, Richard Branson's Virgin Atlantic Airways and Srilankan Airlines. Finally in September 1991, MAS launched its first international all-cargo service to Dubai and Amsterdam with an MD-11. Despite a temporary halt a year later, this proved to be the vanguard of MASkargo's full freighter flights in the years to come. These later flights were undertaken by B747-200Fs, which were originally passenger aircraft converted into freighters. With the conversion, MAS's air cargo revenue shot up to almost RM1 billion by 1995, a huge 87% increase over the previous year and catapulted the national carrier into the ranks of the world's top 20 freight carriers. Even so, this only represented 35% of total air freight business in Malaysia. There was still plenty of room for MAS to grow and greater emphasis continued to shift to air cargo operations. By now, the air freight business was independently operated by MASkargo Sdn Bhd, which had

been incorporated as a wholly-owned subsidiary of MAS in 1994. During the mid-90s, the persistent shortfall of cargo space at Subang was given little attention given the impending move to the new Kuala Lumpur International Airport at Sepang. When the national carrier shifted operations to KLIA in 1998, MASkargo could easily handle up to 650,000 tonnes a year at its ultra modern and handsomely equipped Advanced Cargo Centre (ACC). Unfortunately, the opening of the new airport came in the wake of the Asian Financial Crisis that deflated almost every regional economy for the rest of the decade. The Malaysian economy, however, started to come around by mid-1999 and this was reflected by the recovery of MASkargo's business for the year. MAS closed the decade on a high with the announcement that it would venture into total logistics operations with MASkargo extending its services to include land transport to complement its air operations. For the airline industry, this was an unprecedented development. It set the stage for MASkargo to welcome the new decade with renewed confidence.



1990s Milestones

1990

March 19:

MAS announces that work on the RM26 million cargo complex in Penang will start by year-end with completion in mid-1992.

March 21:

The national carrier forecast cargo business to grow by an average 20% annually with a 25% growth rate for international routes.

April 10:

MAS reveals it will add a first-ever full freighter aircraft to its fleet by 1993 to meet the projected increase in air cargo traffic.

July 2:

The introduction of a B747-400 to the fleet increases MAS' cargo capacity by 50%.

1991

Jan 27:

MAS sets up a committee to monitor passenger and cargo loads in view of the drop in global air travel due to the impending Gulf War. MAS reschedules any flight if load falls below 50%.

March 5:

The Cabinet directs MAS to look into setting up a separate freighter service with operations that can be independent of passenger flights.

March 14:

The Penang Government calls on MAS to expand cargo services following a 40% increase in airfreight between the northern state and Europe.

Sept 2:

MAS reveals it intends to convert one of its B747-200 passenger aircraft into a freighter to meet the demand for cargo space.

Sept 15:

MAS launches its international all-cargo service with a DC-10 freighter making an inaugural flight to Dubai and Amsterdam.

Oct 4:

A study by the International Air Transport Association (IATA) shows that Malaysia's air cargo industry is expected to achieve the highest growth rate in the world.

1992

Jan 8:

MAS announces it will add a full-freighter B747-200F in September and four more by 1995. The first all-cargo Boeing will fly to Japan, the Gulf States, Europe and the US with cargo of up to 100 tonnes.

The airline also releases news that it will expand the cargo terminals at Subang and Penang.

Jun 19:

Officials from MAS and Air France - the second largest international air freight carrier - hold talks to finalise joint air cargo services.

March 31:

The Transport Ministry reveals the Government may allow more foreign airfreight companies to operate out of Malaysia to cope with the escalating demand for air cargo space.

July 5:

The Royal Customs & Excise Department signs a contract to computerise its facilities at the MAS Cargo Complex in Subang.

November:

The Airfreight Forwarders Association of Malaysia (AFAM) writes several letters to MAS calling for greater security at the MAS Cargo Complex in Subang.

1993

March 19:

A reporting team from local afternoon daily, The Malay Mail, enters the MAS Cargo Complex unimpeded, kicking off a public furore about security.

March 31:

Deputy Prime Minister Ghafar Baba orders security at the MAS Cargo Complex to be beefed up in response to the Malay Mail 'expose'.

April 22:

MAS announces it will replace its B747-200 with the larger B747-300 to fly its full freighter service for domestic routes following a 13% annual increase on local air cargo traffic.

June 9:

MAS becomes the second Asian carrier to be linked to the Spectrum service of electronic data interchange operator Cargo Community Network (CCN). The service provides data on cargo movement to subscribers.

1994

Sept 1:

The MAS Cargo Complex in Subang is hit by a second heist of gold bars in just four months, once more revealing glaring weaknesses in security.

June 15:

MAS signs a pact with Malaysian Helicopter Service and its associate World Airways (WA) to lease cargo space on WA freighters and to provide ground-handling services to the US-based cargo carrier.

June 16:

MAS announces it will introduce a leased (McDonnell Douglas) MD-11 freighter to increase its airfreight capacity to Europe and the US. Air cargo to Europe is then flown on five B747-400 Combis and in the belly of a B747-400 passenger jet to US.

July 19:

MAS restarts its scheduled all-cargo flights to Amsterdam after a one-year suspension of service. The MD-11 freighter will ply the Amsterdam-Dubai-Kuala Lumpur-Penang-Taipéh-Anchorage-Los Angeles route.

Oct 17:

Cargo revenue for the year exceeds RM500 million.

Oct 24:

MASkargo Sdn Bhd is incorporated as wholly-owned subsidiary of MAS.

Dec 19:

MASkargo upgrades its cargo handling system with barcode readers and front-end intelligent workstations to provide customers with up-to-date information on cargo consignments.

1995

Jan 6:

MASkargo stops bulk-breaking - or splitting bulk cargo into smaller parcels - at its cargo complex in Subang to ease congestion. Freight forwarders are told they would have to do it themselves.

Jan 20:

MASkargo implements a new system using a master airwaybill to release and transfer cargo to the Sungaiway Inland Clearance Depot. This move greatly reduces congestion at the cargo centre.

April 7:

MAS and Dutch national carrier KLM sign an MoU for two additional cargo flights each between Kuala Lumpur and Amsterdam.

Kuala Lumpur is KLM's springboard to the Far East while Amsterdam is MAS' conduit to Europe.

May 23:

Cargo revenue for the year is forecast to grow by 87% to reach almost RM1 billion following the imminent conversion of two B747-200 passenger jets into full freighters.

June 1:

MAS forecast it will handle in excess of 350,000 tonnes of cargo this year.

Sept 15:

MAS reveals a budget of RM1.3 billion for facilities at the new airport in Sepang including RM400 million for cargo operations.

Oct 17:

MASkargo commissions first B747-200 special freighter. This development is set to move MAS inside the top 20 freight carriers in the world.

Nov 22:

TNT Express Worldwide Malaysia sets up a warehouse and distribution centre at the MAS cargo complex in Subang.

1996

Jan 6:

MASkargo extends its freighter service to 3 new destinations - Adelaide, Melbourne and Frankfurt.

Jan 30:

A MAS B747-200 flies 94 horses from Buenos Aires to Kuala Lumpur, the largest transport of thoroughbreds by the national carrier.

May 7:

MAS announces it will build an RM400 million cargo centre at the new Kuala Lumpur International Airport in Sepang to boost the country's aspiration to become a major cargo hub for the region.

May 10:

Ministry of Finance approves the Penang Government application for a commercial free zone at the MAS cargo complex in Bayan Lepas. The airport is the first in the country to have such a facility.

June 20:

MASkargo launches a direct freighter service between Penang and Europe, making Bayan Lepas the second hub international hub for cargo services in Malaysia.

1997

Sept 18:

MAS and Richard Branson's Virgin Atlantic Airways say they will launch a joint freighter service between London and Osaka/Melbourne via Kuala Lumpur to cater to growing air cargo traffic between Europe and Asia-Pacific.

Dec 11:

MAS releases news that the new KLIA's Advanced Cargo Centre (ACC) will offer a capacity of 650,000 tonnes per annum when it opens in April 1998.

1998

Jan 21:

The Senai Airport makes final preparations to open a Free Trade Zone with a capacity to handle 100,000 tonnes of cargo annually.

June 24:

MASkargo makes the first of its three major moves to Sepang.

June 30:

The Kuala Lumpur International Airport opens with MASkargo based at the RM299 million Advanced Cargo Centre.

Dec 18:

MASkargo operates as full freighters two B747s, two B737s and one MD-11.

1999

April 17:

MASkargo's revenue exceeds 20% of total MAS revenue for the first time.

April 24:

MAS announces it will venture into total logistics operations through MASkargo, which will also offering ground transportation of goods. This is unprecedented in the airline industry.

July 1:

MASkargo sets a new benchmark at its ACC in Sepang which ensures that freight forwarders obtain their cargo within six hours of arrival.

July 8:

MASkargo computerises its Material Handling System.

Aug 4:

MAS and Srilankan Airlines sign code-sharing agreement for passenger and cargo services.