



SECURITY CLEARANCE: Jason Watson and Judy Davis, partners at ComSec International LLC, a D/FW Airport-based independent air cargo screening facility, say privatizing cargo screening will offset costs to airlines and improve the quality of cargo security.

Cleared for takeoff

STRICTER AIR CARGO REGULATIONS COULD LEAD TO HIGHER COSTS FOR AIRLINES, BUT CREATE OPPORTUNITY FOR INDEPENDENT SCREENERS

BY CANDACE CARLISLE | STAFF WRITER

Tightened air cargo security could change the horizon of the aviation industry, especially in North Texas, home to Dallas/Fort Worth International Airport — the 11th largest cargo airport in the United States.

Increased security measures, such as screening all air cargo, could lead to additional logistic costs and disruption of the multibillion-dollar U.S. supply chain, said Terrance Pohlen, director of the University of North Texas' Center for Logistics Education and Research.

"There's already a high level of screening for passenger air travel, and air cargo companies are opposed to a similar level of screening for air cargo," Pohlen said, "because that would substantially increase the costs, and the current facilities are not even prepared for it."

Federal regulations effective Aug. 1 require each piece of cargo loaded on passenger planes to be screened.

Most airlines, such as Dallas-based Southwest Airlines Co. and Fort Worth-based American Airlines Inc., were already ahead of government regulations, screening all cargo loaded on their passenger planes, officials from both companies said.

There are weaknesses to the current regulations, such as only an estimated 65 percent of air cargo coming into the United States is screened, according to the Government Accountability Office. The Transportation Security Adminis-

tration is working with officials from other countries for cooperation with stricter screening methods.

Regulations could change, requiring all cargo shipped on cargo planes to undergo security screening. Those mandates could lead to an estimated 20-percent cost increase for companies and burden ill-equipped freighter hubs, Pohlen said.

Although it's unclear what specific changes could be made, the air cargo industry is hoping to avoid government-imposed mandates and to impose expanded self-regulation, such as increased selective screening, Pohlen said.

"Security is here to stay in the supply chain, and it's not going to go away. It will only become more stringent."

Expanded security measures

U.S. regulations have already tightened following October's discovery of bombs planted in ink cartridges shipped to the United States from Yemen.

As a result, the government banned high-risk cargo, which includes cargo from Yemen and Somalia, from flying on passenger airplanes. New regulations also limit the size of toner or ink cartridges in checked or carry-on luggage on domestic and inbound international flights to the United States.

Currently, cargo on passenger planes must pass through a Transportation Security Administration-certified screening program at one of 1,200 facilities,

including those at D/FW Airport. Under newly enacted rules, international mail inbound to the United States must be individually screened.

Air cargo is a significant revenue source for both American and Southwest. Officials at the airlines say they will continue to abide by TSA regulations and any expansions to the security measures by the agency.

D/FW Airport's cargo shipments rose 13 percent year-over-year to 710,000 tons for the 2010 fiscal year ending Sept. 30, bringing in \$13.6 million in revenue, said David Magana, an airport spokesman.

"Cargo revenues do represent a major generator for the airport," Magana said, adding that cargo revenue comprises about 6.4 percent of airline revenue and 2.3 percent of the total airport revenue.

Additional regulations could pave the way for a new subsector of the air cargo industry concentrated on air cargo security, Pohlen said.

"Third-party businesses could play very valuable roles in the supply chain by spreading the cost of the (security) equipment over many different shippers and making security more affordable than if everyone had to invest in security themselves ... but it depends on how severe the regulations are," Pohlen said.

New service industry

Regulations already imposed by the U.S. government inspired last year's

launch of ComSec International LLC, the first independent cargo screening company to open at D/FW Airport.

"This is becoming a whole other industry. There's an opportunity to fix the problem of security through independent cargo-screening facilities," said Judy Davis, principal security coordinator for ComSec. There are about 40 independent screening facilities nationwide, she said.

With the ever-growing importance of security in the air transportation industry, the private sector plans to capitalize on the security challenges and unfunded mandates to provide a much-needed service, Davis said, adding that additional widespread mandates for air cargo security are expected in the next few years.

With more than 400 freight forwarders at D/FW Airport, it's unrealistic to expect the shipping facilities to foot the expense of the screening equipment, said Jason Watson, founder and director of business operations at ComSec.

The amount of cargo currently screened by independent TSA-certified firms is minimal, but business is projected to grow, Watson said.

If expanded regulations on air shipments goes through, business at ComSec is expected to quadruple, he said.

"If you want something done right, privatize it to ensure the (security) quality of cargo," Watson said.

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