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Air Cargo World

INTERNATIONAL EDITION

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CONTENTS

Volume 10, Number 6

COLUMNS

10 North America

With some shippers looking for gateway alternatives, the East Coast is seeing international cargo business spreading • Canada Opening

13 Europe

British Airways admits it was culpable in a surcharge scandal and now the airline says it is ready to move on • CHAMP Adds Systems

16 Pacific

Trans-Pacific cargo experts say rising surcharges are pushing more traffic to ocean trade • Cargoitalia Flies

DEPARTMENTS

- 2 Edit Note
- 4 News Updates
- 42 Events
- 44 People
- 46 Bottom Line
- 48 Forwarder's Forum

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Top Cargo Airports

Memphis and Hong Kong still lead the list of top 50 cargo airports, but growth in China and India are showing air trade's new direction.

Air Cargo Facilities

Cost conscious airports are no longer silent partners when it comes to third-party managers and developers of freight facilities.

High-Tech Shippers

Security standards for technology shippers may be spreading to other air cargo commodities.

*Cover photo:
Air Cargo World*

Clean AIRE

Amid the static displays and the fast-moving aircraft orders — some of them for freighters — at the Paris Air Show last month, the most significant action may have been behind the scenes, where transportation representatives from the European Union and the United States signed an agreement on aviation and the environment.

The agreement by itself isn't Earth shaking, or even Earth cooling. It didn't settle the ongoing trans-Atlantic dispute over the E.U.'s plan to cap carbon emissions and have airlines trade pollution allowances starting in 2011, for instance, and really only outlined a plan to work together on research involving airlines and the environment.

But the pact signed by Jacques Barrot, the European Commission vice president for transport, and U.S. Federal Aviation Administrator Marion Blakey

marks the first serious move by governments on both sides of the Atlantic Ocean to address issues surrounding aviation and the environment beyond the more general framework set by the International Civil Aviation Organization. The E.U.-U.S. agreement isn't the end of government actions involving aviation and the environment but the beginning.

That's especially important for an air cargo industry that long depended on older aircraft that are, let's face it, not exactly environmentally friendly. And the trans-Atlantic accord, while aimed generally at operations and not specific aircraft, suggests governments will be more willing to look directly at the tough questions involving commerce and the environment.

As Barrot put it in signing the accord with the Blakey, "We both want a sky open to aircraft but not to emissions."

The good news for airlines is that the agreement, called AIRE (for Atlantic Interoperability Initiative to Reduce Emissions), probably is a financial win for the airlines, at least at the start. The idea is to test "gate to gate" operating procedures, including air operations helped by improvements in air traffic control systems, that allow for things such as more efficient takeoffs and landings, including so-called "reduced engine" approaches that reduce noise and exhaust.

Air France-KLM, Delta Air Lines and FedEx Express are taking part in the program.

But the E.U. also sees AIRE as only a "supplement" to its other actions, including the carbon trading program and the Clean Sky initiative the European Commission launched last month to support development of what Barrot called "the next generation of clean aircraft."

The question for air carriers and their customers will be whether that also will create a next generation of air cargo economics.



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News Updates



DHL Takes Capacity Stakes

DHL has long depended on the capacity of others for its cargo lift, but the operator's latest moves in international and domestic markets show clear signs that controlling capacity is increasingly important in the express business. The carrier took a big step last month toward greater influence — although DHL insists it is not control — of lift with a 49 percent equity stake in ASTAR Air Cargo, one of its two out-sourced lift providers in the United States.

The financial interest, for undisclosed terms, in the independent cargo airline that was once DHL Airways follows by several months DHL's similar equity stake in Polar Air Cargo, a \$150 million interest that came along with an agreement to guarantee DHL space on Polar's 747 freighters. DHL also has increased its interest in Blue Dart, the largest domestic air express operator in India to boost its presence in that growing market.

And the purchases on the express side comes as DHL is looking at a deeper stake in China on the forwarding side, with the company moving to take a 50 percent stake in the joint venture business of Exel and Sinotrans.

The purchases add up to stronger management of business in some of the world's largest express and freight markets. And on the airline side, at least, it suggests a carrier that has long avoided direct ownership of airborne assets wants to keep a closer eye on where those assets are going.

"Our investment in ASTAR signals another major commitment to the U.S. market by DHL," said Hans Hickler, chief executive officer of DHL Express in the United States.

Hickler joins the ASTAR board under the purchase, joining airline President and CEO John Dasburg and the two non-management owners. That, along with the 49 percent interest and 24.9 percent voting stake, keeps Deutsche

Post-owned DHL within the bounds of U.S. legal restrictions against foreign ownership of airlines.

ASTAR attorney Elliott Seiden said the U.S. Department of Transportation had already approved the equity purchase. "We assured them this would not come close to tipping the scales on DOT's ownership and control rules," he said.

The only impact on ASTAR's operations, said Seiden, was that DHL and ASTAR had extended their ACMI contract for U.S. domestic express flights for four years, to 2019, making their relationship "more stable, more secure."

DHL's other air capacity provider in the United States, ABX Air, has been seeking to diversify its business to become less dependent on DHL and recently signed a freighter lease agreement with All Nippon Airways. An ASTAR spokesman said DHL equity stake "doesn't restrain or restrict ASTAR from pursuing" other business.

Profit By Air

Can the airline industry survive on peanuts alone? The International Air Transport Association is doubling its forecast for industry profitability to \$5 billion this year, projecting the first annual profit for the industry since 2000.

The new assessment is the latest sign the airlines are on a strong financial ascent after several years of steep losses, including \$6 billion in red ink in 2005 and another \$500 million last year.

But Giovanni Bisignani, IATA's director general and CEO called the overall results "peanuts" in a \$470 billion industry. "We need \$40 billion just to cover the cost of capi-

tal," he said. "The industry is moving in the right direction, but with \$200 billion of debt, the financial hole is deep. The challenge for us is to turn peanuts into sustainable profits."

Bisignani said the profit is built on a 56 percent improvement in labor productivity and a percent cut in costs outside of fuel expenses.

The cargo business hasn't been as strong, however. IATA says international air cargo traffic grew just 2.8 percent in the first four months of this year over the same period in 2006, less than half the 5.3 percent expansion in capacity.

The gap was most pronounced in Latin America, where freight traffic was down 5.5 percent despite a 5.9 percent gain in capacity. Asia traffic grew 2 percent against an 8.8 percent capacity increase. Even business in the fast-growing Middle East didn't keep pace with added space, advancing 11.5 percent in April as airlines boosted capacity 9 percent.

"The cargo business is still growing, but competition with other modes of transport is severe," said Bisignani. "And sea shipping is taking a greater proportion of the benefits from the economic boom."

Bigger Planes

Boeing is forecasting a \$2.8 trillion market for new aircraft over the next 20 years and says the world's freighter fleet will more than double to 3,980 all-cargo planes.

The freighters will fill a cargo market growing at an average of 6.1 percent a year, the aircraft maker says in its Current Market Outlook 2007.

That growth projection is more conservative than the 20-year fore-

casts that in recent years had projected something closer to 6.5 percent cargo expansion, and Boeing suggests some of that pullback is because of weak mail traffic. Restrained by online communications and private air express competition, postal business will grow only 2.5 percent worldwide over the next 20 years, Boeing says.

Boeing foresees the addition of 870 new freighters in the 2007-2026 forecast period, while 2,480 passenger planes will be converted to freighters.

In its annual projection for the world aircraft market, leading manufacturer Boeing forecast a \$2.8 trillion market and the production of 28,600 new airplanes over the next 20 years. With operators looking for greater efficiency, the greatest growth will be in the widebody segment, which will grow from 58 percent of freighters today to 64 percent.

At the same time, Boeing says, "The proportion of cargo carried in the belly holds of passenger airplanes will decrease," extending a push toward greater growth in cargo on freighter aircraft.

Ron Cesana, 66

At the most recent Cargo Network Services conference in early May, Ron Cesana was at times frustrated and at other times equally ebullient over the prospects and progress of technology aimed at lifting service standards in the air freight industry.

Cesana was unfailingly optimistic — most would say passionate — about the quality standards and performance measures he oversaw as project director of Cargo 2000, but he remained exasperated by divi-

sions within the industry and pervasive pessimism about the project and the push toward automation.

Cesana, whose attention to quality service was part of his life's work in the industry, died last month while on vacation in his native Italy. He was 66.

A veteran of more than 40 years in the air cargo industry, he had since June 2000 been project director of Cargo 2000, a broad group of airlines, forwarders and ground handlers working through the International Air Transport Association. His role made him a leading spokesman for automation and improved technology as the head of a group seeking to spread stronger common standards across far-flung global air transport businesses.

Most recently he managed the shift of the group's focus from pure technology to one taking in standard processes and the certification of airline and forwarder communications and performance. Cesana also expanded the group's original airline and forwarder membership to include ground handlers.

"Ron's passion for his work and endless energy has left a lasting impression on all of us, along with his ever-present beaming smile," said Mick Fountain, chairman of the Cargo 2000 group.

Cesana went to Cargo 2000 after a long career at forwarder Air Express International, capped by his role as vice president for quality and customer service at Danzas AEI.

Hotter Iceland

Icelandair is launching an ambitious cargo expansion that will include new freighters to go with a new strategy aimed at reaching for freight

News Updates

business far from the carrier's dependable but small home market.

"We are particularly looking towards China, India and the Persian Gulf and connections through a hub in Europe to Iceland and North America," said Petur Eiriksson, managing director of cargo at the airline.

"We plan to triple the tonnage, triple the present revenue — as well as tripling the contribution," he said.

The plan will begin in 2010 when Icelandair takes the first of four new A330-200 freighters it will operate through a series of purchase and lease deals. The twin-engine widebodies will give the airline sharply more capacity to go with the 757-200 freighters it now operates on European and trans-Atlantic markets.

With their longer range and 50 percent additional capacity over the 757s, the aircraft will help the airline expand the cargo business well beyond the Iceland-based shipping that now gives the airline 80 percent of its cargo revenue. With the A330s, Icelandair says it intends to get 80 percent of its revenue from international markets and just 20 percent from its home base.

Icelandair's freight operations are built largely on seafood shipping and

selling the belly capacity on its 22 passenger aircraft.

Schenker Adds

Schenker, the world's second-largest forwarder, is taking more direct control of freight capacity connecting the United States to major international markets.

Schenker starting an agreement last month with Emirates Airlines for a weekly 747-400 freighter operation out of Dubai through Germany to the United States, an agreement that fits in with a new series of air and ocean links

Schenker is initiating between the Middle East and Asia.

Emirates is flying from its home base in Dubai to Frankfurt Hahn Airport, a major freight hub for Schenker, and on to Toledo, Ohio, the U.S. hub for BAX Global, which is being integrated into the Schenker organization. The flight returns to Dubai through Hahn.

Schenker had been using a BAX-controlled DC-8 freighter to link its Hahn setup with the BAX hub.

Schenker says the new flight with a larger 747 also will taps into sea-air traffic out of Asia that is moved by ocean vessel to Dubai.

Southwest IT

If airlines can use software to improve efficiency in booking cargo and handling freight revenue, can cargo yield management be far behind?

Southwest Airlines took a step toward upgrading one of the most admired, if smallest, cargo operations among American passenger airlines with its recent purchase of the Lufthansa Systems' Advanced-Cargo Suite.

The system will enable Southwest to optimize its air cargo booking, handling and cargo revenue accounting processes.

Matt Buckley, senior director of cargo at Southwest said the software system would enhance and "expand our cargo business."

The LHS system follows an array of cargo management software offerings in the 1990s that eventually were washed away by Internet-enabled systems. In this case, the AdvancedCargo Suite is "independent and modular," said Bernd Appel, senior vice president at Lufthansa Systems. "This is a kind of discovery for cargo airlines that they can earn more money than before" by employing this system, said Appel.

LHS claims customers have reduced errors and customer claims about 50 percent due to higher data quality and system-based checks, said LHS.

Cold Assets

Cold chain logistics specialist Eimskip is planning to sell all assets in Air Atlanta Icelandic as well as a 49 percent interest in Avion Aircraft Trading to concentrate on the more lucrative cold storage business.



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News Updates

"I see many opportunities in building a strong network in cold stores globally," said Eimskip Chief Executive Officer Baldur Gudnason. "We find the business area profitable and more stable for the company's shareholders."

Hannes Hilmarsson, CEO at Air Atlanta Icelandic, a wet-lease operator that has stepped up its capacity in the freighter market, sought to put the news in the best light: "We consider this situation an opportunity for Air Atlantic. The company has grown to become a leading global player in the ACMI market," building up its widebody fleet since a restructuring in 2006.

Eimskip also will sell its 49 per-

cent stake in AAT, with the 51 percent share remaining with Arctic Partners, a group led by AMT Chairman Arngrims Johannssonar.

Days after the announced sale of Air Atlanta Icelandic, Eimskip offered to acquire all outstanding shares of Versacold Income Fund. Gudnason said acquiring Versacold would build a global presence company in the temperature controlled transportation and warehousing business.

Freight School

Embry-Riddle Aeronautical University, known for educating aerospace engineers and future professional pilots, is now offering an inter-

national air cargo management certificate program online.

The program consists of 23 courses in such areas as business management, leadership, air cargo aircraft operations, human resource management and air cargo technical services.

The course is not a degree, but a certificate program, said Al Astbury, program coordinator. In this case, the student will get a certificate at completion as well what is called continuing education units. Completion time for the program is between one and two years, he said.

The International Air Cargo Management Certificate program is focused on the development of professional air cargo operators. The program includes the elements of other web-based educational programs, such as self-paced learning, interactivity, and offers students several technological resources to magnify key concepts of the course.

Customs Call

Latin American countries must improve their transport infrastructure, streamline their bureaucracies and clamp down on corruption and theft, UPS Chairman and CEO Mike Eskew told a U.S. government forum on trade in the Americas.

Eskew said Latin countries could become a "hotbed of trade."

But, he said, "the Americas are at a crossroads. Although we're neighbors, our border and customs policies make it sometimes seem like we're enemies.

"We have so many complicated customs and security requirements in place that it's often easier to import goods from Europe or Asia. ... The choice is to adapt or become irrelevant." ■

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Regional Reports



NORTH AMERICA

Capital Goods

Cost-conscious shippers want alternatives outside familiar trade lanes, and one airport says it has the answer



It hardly rivals New York and Miami as a cargo center, but the air freight community is noticing Washington Dulles International Airport. For years, Dulles was a white elephant searching for traffic. Then the carriers, particularly United Airlines, took notice of this unused resource, which has grown considerably over the last decade. And now air cargo operators may be following.

The mid-Atlantic airport's overall cargo traffic grew 16 percent last year and looks to be on the growth track again this year, with new Asia connections in particular adding to the far-flung passenger service that dominates the airport's service lineup. Dulles is among a group of airports across the United States that are expanding their cargo business ahead of the more familiar major gateways, a signal perhaps of shifting trade patterns but also, experts say, of greater attention to costs at the airport and for the entire transport supply chain.

"It's a combination of several factors, including additional service, larger aircraft and lower landing fees," said Richard Norris, head of air cargo development at Dulles.

Norris said the jump in most recent jump traffic is due mainly to the in-

creased capacity for belly cargo. United added several new flights out of Dulles, including Rome, and shifted its nonstop Tokyo flight to Dulles from New York's Kennedy International Airport, part of a larger shift in business for United that includes a more expansive truck feeder network for Dulles.

In July 2006, All Nippon Airways upgraded to a 777-300, which nearly doubled its belly cargo capacity.

The growth in international cargo contributed heavily to the 17.1 percent spike in freight in 2006 over 2005. Last year, Dulles processed 338,391 tonnes of express and air freight, excluding mail. That should grow this year with United's addition of China service.

Core Prices

For Dulles, as with just about every other airport within a day's drive of the Atlantic, JFK is the main benchmark.

Norris says the measure he is focused on right now is cost. For the first half of 2007, landing fees at JFK were \$5.35 per thousand pounds of weight, while Dulles charged \$2.13.

But that is only half the story. JFK's landing fees are based upon the maximum gross takeoff weight of the aircraft, while Dulles uses the maximum landed weight, which is less. "Not only

By Robert Moorman

is the dollar figure lower, but the basis for figuring the landing fee is lower," said Norris.

But that doesn't necessarily mean JFK or any other New York area airport should feel threatened. After all, Qatar Airways begins serving JFK this summer. And scheduled 747 freighter operator Air Bridge Cargo is looking at starting service to Kennedy later this year or next year.

"We're having talks with them now," said Pasquale DiFulco, spokesman for the Port Authority of New York and New Jersey. For 2007, the Port Authority is projecting 2 to 3 percent growth at JFK, said DiFulco.

Forwarding Up

Forwarders who operate out of Dulles say large lineup of passenger flights make it a strong alternative to busier gateways.

"It's a better solution in a lot of cases," said Tim Holdaway, president of Dulles-based Cavalier Logistics. Lower costs and a faster throughput are helping the forwarder pull in freight from the south.

In recent years, "we've added roughly 20-22 percent of additional traffic at Dulles that was switched from other airports, said Holdaway. Cavalier still processes a lot of cargo through JFK because it has routed contracts with the U.S. government that requires it to use the New York airport.

For forwarders, airport costs are one factor, but a deeper look includes understanding "the requirements of the importer/exporter and/or the location of the pick-up or final delivery of the cargo," said Patrick Maritato, president of forwarder Expedited World Cargo.

And in its facilities, Dulles has a ways to go before it becomes a top cargo center. It has six cargo buildings, and Nor-

ris says four are "old style," while the other two were built in the early to late 1990s. The North side facilities offer 535,000 square feet of warehouse space. Another 30,000 square feet of available cargo space was added to Building 6 on the North side, which has room for one more cargo building.

Once the area is saturated, Dulles will shift cargo activity to the West side. A year ago, the airport bought 830 acres of open land and expects to add warehouse space.

Adding to infrastructure helps. But more can be done to get the word out. "We've noticed that importers/exporters or international agents can be creatures of habit," said Maritato. "And, in most cases, will use historically entrenched practices when routing, importing or exporting cargo."

So changing minds could be the first order of business.

Open Canada

The U.S. and European Union may have started a trend with their recently liberalized aviation treaty. Canada and Ireland have a new "open skies" agreement, which officials call a first step to a European Union-wide open aviation accord.

"Ireland is one of Canada's most important tourism destinations and a region with an important historical link to Canada," said James Facette, president of the Canadian Airlines Council. "Open skies with Ireland is historical in its own right and an Open Aviation Area with the E.U. is a natural next step," he said.

As one of 27 members of the E.U., Ireland also would be included in the North Atlantic Open Aviation Area that Canada and the E.U. will pursue in liberalization talks over the coming months. The E.U. is Canada's second

biggest trading partner after the U.S., with some \$70.1 billion in imports and exports.

... Briefly

Cargo traffic for U.S. airlines fell 2 percent in April, pulled down by a 4.1 percent decline in domestic business and a 4.3 percent drop in trans-Pacific trade, according to the **Air Transport Association**. Overall cargo for the airlines was down 0.4 percent in the first four months of 2007, with Pacific services 4.5 percent behind the same period a year ago. ... Cargo traffic at **Los Angeles International Airport** fell 5.7 percent in April, leaving the business there down 2.4 percent in the first four months of 2007. ... **Airgroup**, a subsidiary of **Radiant Logistics**, opened new offices in Minneapolis as part of its North American expansion efforts. ... Freighter operator **Amerijet International** opened a shipment drop off station in Ft. Lauderdale, Fla., next to the company's corporate headquarters. ... All-cargo airline **Kalitta Air** will become the first tenant of the 41-acre Anchorage Global Logistics Airpark Development, part of the \$55 million cargo expansion plan at **Ted Stevens Anchorage International Airport**. ... **Eithad Airways** started start three-times-weekly A340-500 flights between Abu Dhabi and Toronto. ... Atlanta-based **Air Courier Dispatch** renamed itself **Aero-point Delivery Solutions** as it consolidated its recent acquisitions, Dallas-based **Telesis Express** and **Paragon Air Express** of Nashville, an air charter company specializing in Cessna Caravan and Piper Saratoga. ... **ARGO Tracker**, a maker of tracking and cargo monitoring software, formed a strategic alliance with **Glob-**

al Solutions Insurance Services for a commercial transportation program to bundle preferred insurance rates, lowering costs 10 to 30 percent. ... **Iberia Airlines** will start five-times-weekly A340 flights between Madrid and **Washington-Dulles International Airport**. ... **DHL Global Forwarding** moved into a 220,000-square-foot facility next to **Atlanta Hartsfield-Jackson International Airport**, which the company says is the largest such forwarding operation in the Atlanta area. DHL says the site will be its Southeast U.S. hub for air and ocean service and what it calls a "pivot" point for domestic heavy freight distribution. ... **World Airways** signed

a one-year, \$22.5 million ACMI contract extension with **Air Canada** for service between Toronto and Frankfurt. Pilots and flight engineers of **Capital Cargo International Airlines** voted to merge their independent Capital Cargo Crewmembers Association with the Air Line Pilots Association International. ... Maintenance and overhaul specialist **Pemco Aviation** reported a \$500,000 profit in 2006 on \$161 million in revenue, compared to a \$5.8 million net loss on revenue of \$135 million in 2005. ... **Williams Gateway Airport Authority** of Mesa, Ariz., is updating the airport's master plan, which considers demand, capacity and facility requirements for cargo. **Sky-**

bus Airlines and **Mercury Air Cargo** signed a partnership in which Mercury will provide marketing, sales, accounting and operational oversight for all Skybus flights in the U.S. using the Mercury World Cargo brand. ... Forwarder **IJS Global** will install Cargowise's edit Enterprise software system **CargoWise edi**, a provider of forwarder and brokerage software across its worldwide network in one package. The contract represents the largest and most comprehensive in CargoWise edi's history. ... **Purolator USA**, the U.S.-based subsidiary of Canadian distribution services company Purolator Courier, launched a separate online site, www.purolatorusa.com. ■



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EUROPE

Guilty as Surcharged

British Airways becomes the latest embarrassed carrier to pay fines for price fixing over fuel surcharges

The extraordinary admission by British Airways that it was culpable of fuel surcharge price fixing is expected to cost it upwards of \$660 million, the amount BA set aside to cover possible fines and litigation on both sides of the Atlantic.

The U.K. Office of Fair Trading, the European Commission and the U.S. Department of Justice are queuing up to impose hefty fines on the carrier after BA admitted that two of its senior executives colluded with rivals over setting both passenger and cargo fuel surcharges. If found guilty of operating a price-fixing cartel, a carrier can be fined up to 10 percent of its worldwide sales.

No wonder BA is filling its war chest.

Certainly, the impending raft of litigation and lawsuits will seriously dent the airline's year-end pre-tax profit line of \$1.2 billion. BA's cargo business is also set to share the pain. It contributed the equivalent \$1.2 billion in commercial revenue, a fall-off of 0.5 percent. Volume fell 4.7 percent and capacity dipped by 0.5 percent. It would have been a flat year for British Airways World Cargo had it not managed to increase yields by 4.6 percent.

Sean Doyle, financial controller at

By Roger Turney



BA World Cargo admits the results were achieved, "against the odds" given the problems the airline faced over the year.

"We lost thousands of flights due to a terrorist threat at London Heathrow last summer and then many flights were fogbound at the airport in December. Apart from disruption to our cargo business it seriously impacted the capacity we able to put into the market, which is why this figure shows up as negative growth," said Doyle.

But, said Chris Bosworth, BA World Cargo's general manager for commercial development, the airline managed to overcome the odds and achieve the

high yields with a strong focus on its premium product business.

"The opening of the \$30 million Premia facility at the end of last year provided us with dedicated handling capability at Heathrow for our premium product business," said Bosworth.

Bosworth said the Constant Climate product is proving very strong in the pharmaceutical market. Also, the carrier's re-entry into the mail transfer market is becoming another winner.

BA World Cargo has also had to overcome the departure of Gareth Kirkwood, managing director of the business, who left earlier this year to become

director of operations for the airline's passenger services division.

Market Leads

Kirkwood is credited with helping the cargo division regain respectability in the marketplace. Steve Gunning, previously head of finance for the cargo division, replaced Kirkwood.

In terms of global markets, Doyle said, "We have been facing soft market conditions, particularly out of the U.K., Europe and Japan. On the other hand, demand out of the Americas and Greater China has held up well, with the Middle East still strong."

To combat the softer European market, BA World Cargo is intensifying its short-haul freighter network strategy across the region. Beginning in 2007, BA increased short-haul freighter operations by 40 percent, providing 45 feeder flights weekly into the U.K.

"This increase had the effect of firmly establishing Frankfurt and Milan as our premier feeder hubs in Europe, with virtually a daily freighter service," said Bosworth. "It has also given us the opportunity to open up new points such as Rome and increase frequency to others, such as Stockholm and Paris."

In a deal first struck with DHL Aviation three years ago, BA continues to use the available daytime short-haul freighter capacity, which otherwise would lie dormant when not used by DHL's nighttime express operations in Europe.

The operation is designed to feed in and out of the carrier's mainstream long haul freighter services. The carrier grew its 747 freighter operations to a point last year when it operated four aircraft. But it pulled one plane at the start of its winter schedule.

But now it appears BA is rethinking its long haul freighter strategy. In a complicated piece of maneuvering to achieve U.K. traffic rights with foreign owned aircraft, BA obtains long haul freighter capacity from U.K. registered airline GSS, in which U.S. owned Atlas Air holds a 49 percent stake.

"The problem we have had up to now is not constraints in our own business, but constraints in obtaining the right capacity," said Bosworth. "The three 747s we currently operate are -400F series aircraft. When we moved up to a fourth aircraft it was a -200F series, which we found very difficult to mix in with the rest of the fleet."

Bosworth said BA World Cargo wants to move back to a four aircraft,

same type, operation, but -400 series freighters "are in very short supply."

BA World Cargo appears keen on setting up a short haul freighter operation in the Caribbean. The airline has outbound belly-hold capacity available. The answer, said Dave Shepherd, BA World Cargo's commercial vice president for the Americas, is to consider setting up a feeder network to fly cargo in from Latin America to fill these passenger aircraft.

"We used to have a very strong presence in markets such as Caracas, Santiago and Bogota," said Shepherd.

Perhaps BA World Cargo may not have to go to the trouble. BA recently joined a consortium, led by the U.S. private equity group TPG, to bid for Spanish national carrier Iberia, which has a strong Latin American network. BA already holds a 10 percent stake in Iberia, with first refusal on a further 26.5 percent of the stock.

But BA is itself not immune from takeover bids; some analysts saying it's a prime buy. Yes, it's a dog eat dog world out there.

Tech CHAMP

CHAMP Cargosystems joined the International Air Transport Association e-freight initiative as part



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of the technology provider bid to step up its reach into airlines' cargo business of airlines.

The Luxembourg-based technology provider, spun off from Cargolux as a private business, is undertaking an aggressive expansion. The e-freight alignment joins last month's announcement at the Air Cargo Europe meeting that CHAMP launched a Web-enabled, Java-based container management system called ULD Manager.

CHAMP Chief Executive Officer John Johnston said the system can work on a standalone or with CHAMP's main cargo management software. "This is a huge investment area for airlines, which spend an estimated \$200 million each year maintaining, repairing and replacing (unit load devices). The bottom line is that (the ULD Manager) will optimize the use of expensive assets."

Joining IATA's e-freight initiative is part of the company's goal to build on a technology business that now includes 50 carrier customers.

In the short term, IATA's hopes to

replace air transport paper documents with electronic facsimiles, using electronic data to eliminate the millions of paper air waybills and house waybills. In time, certified and verified digital documents will replace other shipping documents, such as letters of instruction, packing lists, invoices and certificates.

... Briefly

Cargo traffic for European carriers edged up 0.5 percent in April, according to the **Association of European Airlines**, but trade on Asia-Pacific lanes was off 2.2 percent, the fifth straight monthly decline. Overall traffic was up 0.7 percent in the first four months of the year. ... **Geodis** said the merger of its newly-acquired TNT Freight Management into the company will be done by the end of the year and renamed the operation, which will be the France-based logistics company's freight management division, **Geodis Wilson**. ... **Lufthansa Cargo** is ex-

panding freighter frequencies to Dallas, São Paulo and Shanghai, and will add belly capacity with new flights to Lahore and a direct connection from Cologne through East Midlands, U.K. to Wilmington, N.C. ... **SAS** cargo traffic fell 11.9 percent in the first four months of 2007, including a 12.4 percent drop in April. ... **London Heathrow Airport** saw cargo traffic grow 2.4 percent in April, the best monthly showing for cargo there since March 2006. ... Cargo traffic at **Air France/KLM** edged up 0.1 percent in May on a slight cut in capacity. But trans-Atlantic traffic was down 2.7 percent in the first two months of the company's fiscal year. ... **Synergy Group Logistics** and **Seko UK** joined forces to and will operate under the single brand, **Seko Synergy**. ... Cargo traffic at **Frankfurt Hahn Airport** fell 1.4 percent in April after declining 15.2 percent in the first quarter. ... **Air New Zealand** named **Kales Airline Services** its cargo general sales agent in the Netherlands. ■

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PACIFIC

Making Waves

International shippers are moving from air to ocean, compounding airline misery on weaker Asian lanes



Asian carriers are used to doing much better than this. In April, members of the Association of Asia Pacific Airlines recorded a paltry 0.7 percent rise in international freight ton kilometers, while their load factors declined 1.7 points to 65.8 percent. The cumulative picture for the first four months of the year is little better, showing less than 2 percent growth.

Air cargo growth around the globe has been sluggish, trailing increases in the airlines' passenger business. The International Air Transport Association said passenger traffic for the January-April period showed a 6.7 percent rise over last year while cargo advanced a more sluggish 2.6 percent.

"The cargo business is still growing, but competition with other modes of transport is severe," said Giovanni Bisignani, IATA's director general and chief executive. "And sea shipping is taking a greater proportion of the benefits from the economic boom."

Forwarders confirm that some traditional air cargo has been diverted to ocean transportation, and operators on Asia-Pacific routes have felt the impact the most. "This shift has been going on for a few years now. Over the last nine

By Ian Putzger

months to a year it's become more noticeable," said Giorgio Laccona, chief executive of IJS Global Logistics.

Steve Dearnley, president for the Asia-Pacific region of BAX Global, said the modal shift has been discernible throughout the area and across a range of commodities. "If I had to single out a country, Korea seems to have suffered badly. Historically it's been a big maker of LCD panels, and flat screen TVs, monitors and panels have been very much affected by this," he said.

Garments have shown a predictable swing from air to ocean, as shippers made the move as the high landed cost of air freight hit hard once the surcharges are factored in. Elsewhere, some commodities have vanished entirely from the air cargo scene, such as the leather that used to be flown from Argentina to the United States.

Row, Row

But this time, even higher value goods haven't resisted the move to the water. Consumer electronics, for

instance, have shifted to marine transportation.

"Electronics still move by air, but more and more is going by ocean. The trend is just more noticeable with garments than with consumer electronics," Laccona said.

Perhaps most concerning for the air operators is that beside display panels and flat-screen TVs, a large chunk of Asian cell phone production has been diverted from air over the past year. In part, this reflects the price erosion of this once-dependable air transport commodity, forwarders pointed out, but it is also a result of stronger competition from the marine side.

First and foremost, this is a cost issue. "There is simply too wide a discrepancy in rates," said Claude Morin, president of Air Canada Cargo. At the same time, the marine carriers have improved services, making containership transport more attractive to shippers.

"Ocean is gaining in efficiency, growing in capacity, and providing services that compete in time-definite (delivery) with the low end of the air freight service quality spectrum," said Paul Forster, a professor at the Hong Kong University of Science & Technology. "For price-sensitive routine bulk shipments, ocean may provide an attractive alternative to the higher price and quality of air freight services."

Robert Imbriani, vice president of international operations of forwarder Associated Global Systems, said that improvements in ocean container technology, namely the proliferation of units that allow temperature and humidity control, have made ocean transportation viable for electronics shipments.

And Roger Haeussler, global chief operating officer of Hellmann Worldwide Logistics, is following experiments by Chilean salmon exporters with interest. The high surcharges have forced most of them to send their output frozen by ocean vessel rather than fresh by air, but now trials are underway with new ocean containers. "You can save 70 percent of

the cost versus air," he said, "but the question is, Will U.S. consumers buy 'fresh fish' that's two weeks old?"

Surface Value

But ocean operators are flexing some of their service muscle, and they are striking agreements to advance their reach toward shippers looking for more than straightforward general ocean transport.

An agreement struck last year between container line APL and U.S. trucker Con-way offers shippers a premium service from China to the United States. Several other American truckers are pushing logistics and surface transport operations into China and they are turning to the ocean carriers they've worked with before in creating targeted services.

Improvements on the shipper side are also helping the migration to ocean cargo.

"We're seeing buyers earlier in China now, trying to book block space for ocean. People are becoming more astute in their planning, and they have better technology to do it," Laccona said.

How far can the exodus go?

"There is a limit to the airfreight business that can be diverted to ocean," Forster said. "The high value-added of mainstream airfreight cannot, at this time, be easily replicated by ocean services. Smaller shipments, express shipments, high-value shipments, time-definite shipments are less likely to shift to ocean freight."

... Briefly

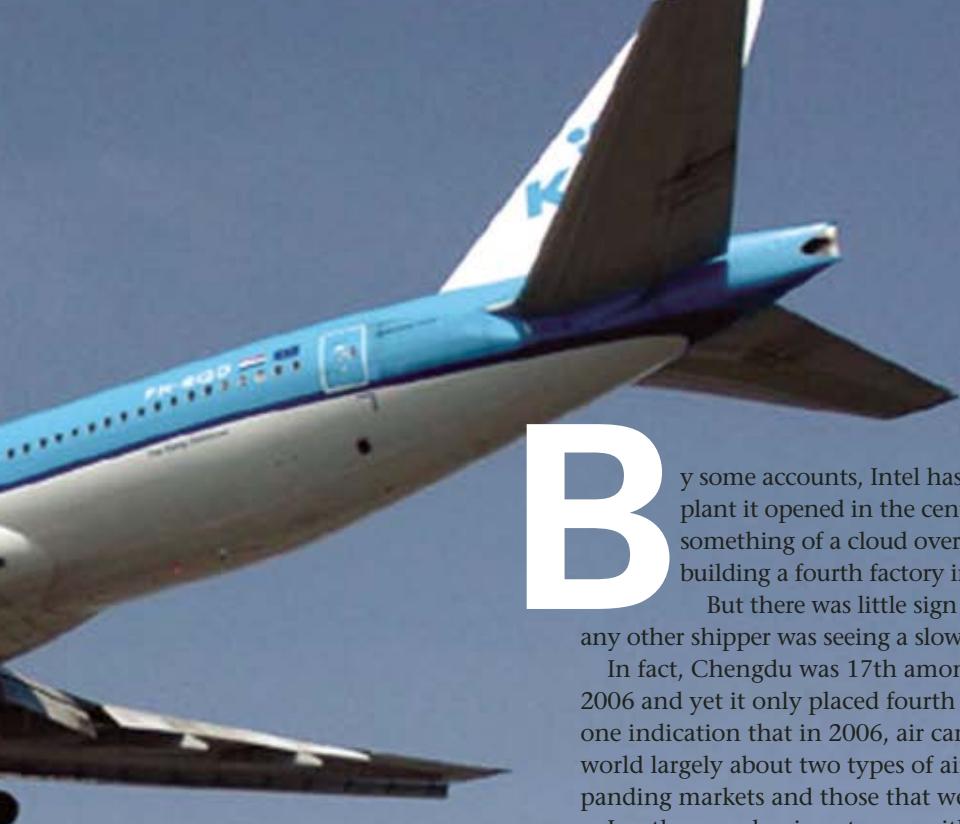
Freight traffic for Asia's carriers grew 0.7 percent in April after falling in March but that was sharply behind a 3.3 percent expansion of capacity,

according to the **Association of Asia-Pacific Airlines**. Freight was up 1.7 percent on 4.3 percent more capacity over the first four months of the year. ... Israel Aerospace Industries' **Bedeck Aviation Group** delivered the first of four 747-400 combi-to-freighter conversions to **Asiana Airlines**. ... **UPS** expanded its "around the world" flights program with five added frequencies connecting Singapore to major trading markets in Europe, the Middle East and the United States from its European hub in Cologne. ... **British Airways** started 747-400 freighter service between Munich and Hong Kong through Delhi. ... **Menlo Worldwide's** Singapore Logistics Center became the regional logistics hub for parts warehousing for Brazilian aircraft manufacturer **Embraer**, the third largest maker of commercial airline jets. ... Korea's **Asiana Airlines** is the latest carrier to sign up for **Cargo Community Network**, an Asia-Pacific Internet portal services provider to the air freight industry. ... China's **Yangtze River Express** named **Asia Airfreight Terminal** as its cargo handler in Hong Kong. ... **Singapore Airlines** started weekly 747-400 freighter service to Nairobi. ... As part of its \$14 million investment in Vietnam, **DHL** will put \$6.5 million into service centers in Dong Nai and Hanoi as well as two courier depots in Da Nang and Haiphong. ... **MASKargo** is projecting a pre-tax profit of \$58.5 million for 2007, helped by new revenue management measures. ... **Cargoitalia** started twice-weekly MD-11 freighter service between Milan and Ho Chi Minh City, the cargo carrier's sixth destination in Asia and one the airline said includes strong demand for exports to the United States. ■

Feature Focus:
Top 50 Airports



The World's Top 50 Cargo Airports



Cargo growth
increasingly is
taking on a Chinese
character, but India
also is claiming a
larger place in
global trade lanes

By some accounts, Intel has had growing pains at the semiconductor plant it opened in the central China city of Chengdu, and that put something of a cloud over the technology giant's reported plan of building a fourth factory in China, this time in the city of Wuhan.

But there was little sign last year at Chengdu's airport that Intel or any other shipper was seeing a slowdown of any sort in getting on aircraft.

In fact, Chengdu was 17th among the world's fastest growing airports in 2006 and yet it only placed fourth among China's airports. That was just one indication that in 2006, air cargo expansion at airports around the world largely about two types of airports – those that were in the rapidly expanding markets and those that weren't.

In other words, airports were either doing business in China and India last year or they weren't growing much to speak of.

While most of the world's most familiar gateways grew at a single-digit pace in 2006, the expansion in China not only picked up steam, but the growth extended beyond Shanghai and Beijing as airports such as Shenzhen and Chengdu showed a higher profile in world trade lanes.

And the growth continued even beyond China's interior, into India, where the move beyond textile goods into more sophisticated factories and higher-value exports is starting to show up in the expansion of air cargo operations at airports.

India and Sri Lanka combined had five airports with more than 160,000 tonnes of cargo last year and four airports – Mumbai, Madras, Bangalore and Hyderabad – grew by double digits over 2005.

In fact, 10 of the 20 fastest growing airports in 2006 were in China, India and in the Middle East countries that provide important connections between Europe and Asia, the strongest sign yet that the long-set geographic balance in air trade is shifting to the East.

Beijing Capital Airport, with its 31.6 percent expansion to move beyond a million tonnes of cargo, showed remarkable growth, but Shanghai's young Pudong International Airport also grew 16.3 percent to move from eighth to sixth place among world airports. Pudong's cargo business has grown more than three-fold since 2003 and tonnage at Beijing has nearly doubled in that time.

The latest growth means five of the six largest cargo airports in the world – and seven of the top 10 – are either in Asia or, like Anchorage and Los Angeles, heavily depend on Asia trade.

This year's list of the world's busiest airports is compiled mostly from officials counts reported to Airports Council International along with sepa-

Continued on page 23

Feature Focus: Top 50 Airports

WORLD RANK	AIRPORT	COUNTRY	TONNAGE	PERCENT (%) CHANGE	COMMENTS
1	MEMPHIS (MEM)	United States	3,692,205	2.6	The main hub and headquarters for FedEx Express is also a regional passenger hub for Northwest Airlines; Building a new central cargo terminal in five phases to add 1.5 million square feet of capacity
2	HONG KONG (HKG)	China	3,608,789	5.1	Third cargo terminal to be finished in 2011; an Asia hub for DHL and main hub for Cathay Pacific/Dragonair.
3	ANCHORAGE (ANC)	United States	2,803,792	5.9	Figures include transit cargo; a major trans-Pacific transit point for carriers including FedEx, UPS, Northwest; ranked first among largest U.S. airports in annual <i>Air Cargo World</i> Excellence survey
4	SEOUL INCHEON (ICN)	South Korea	2,336,571	8.7	Hub for Korean Air; centerpiece of government plan to foster Asia logistics business
5	TOKYO NARITA (NRT)	Japan	2,280,026	(0.5)	Hub for Japan Airlines and gateway for Northwest Airlines Cargo
6	SHANGHAI PUDONG (PVG)	China	2,159,321	16.3	Secondary hub for freighter operator Great Wall Airlines; China Eastern hub; UPS China base
7	FRANKFURT (FRA)	Germany	2,127,797	8.4	Hub for Lufthansa Cargo; manager Fraport also runs nearby Frankfurt Hahn Airport; ranked first among European airports in annual <i>Air Cargo World</i> Excellence survey for two stra
8	LOUISVILLE (SDF)	United States	1,982,985	9.3	Main air hub for UPS
9	SINGAPORE (SIN)	Singapore	1,931,881	4.2	Home to Singapore Airlines; Swissport opened cargo terminal last year as third freight handler at Singapore Changi
10	LOS ANGELES (LAX)	United States	1,907,173	(1.1)	Largest U.S. trans-Pacific gateway; FedEx has 20.6 percent share of cargo, all domestic; Korean Air is largest international carrier with 5.9 percent share
11	PARIS DE GAULLE (CDG)	France	1,854,950	5.0	Main hub for Air France; a European hub for FedEx and La Poste
12	MIAMI (MIA)	United States	1,830,592	3.9	Main gateway for U.S.-Latin America traffic; a regional hub for American Airlines
13	TAIPEI (TPE)	Taiwan	1,698,808	(0.4)	Base for EVA Airways and China Airlines
14	NEW YORK KENNEDY (JFK)	United States	1,660,158	0.2	The largest U.S. trans-Atlantic gateway; American Airlines holds more than 10 percent of cargo market, FedEx 9 percent.
15	CHICAGO O'HARE (ORD)	United States	1,618,331	4.8	Main hub for United Airlines; controversial proposal to add third Chicago region airport under consideration

Feature Focus:
Top 50 Airports

WORLD RANK	AIRPORT	COUNTRY	TONNAGE	PERCENT (%) CHANGE	COMMENTS
16	AMSTERDAM SCHIPHOL (AMS)	Netherlands	1,559,787	4.3	Hub for KLM; AirBridge Cargo, Jade Cargo; hosting TIACA Air Cargo Forum in 2010
17	DUBAI (DXB)	United Arab Emirates	1,503,696	14.4	Emirates base; Dubai Cargo Village being expanded
18	LONDON HEATHROW (LHR)	United Kingdom	1,343,932	(3.1)	British Airways hub
19	BANGKOK (BKK)	Thailand	1,181,814	3.6	Thai Airways hub; the new Bangkok Suvarnabhumi International Airport replaces Don Muang airport
20	INDIANAPOLIS (IND)	United States	1,044,293	0.3	The second-largest FedEx Express U.S. hub
21	BEIJING (PEK)	China	1,028,908	31.6	Main base for freighter operator Great Wall Airlines, and for Air China Cargo
22	NEWARK (EWR)	United States	969,936	2.1	Continental Airlines hub; FedEx regional hub
23	OSAKA KANSAI (KIX)	Japan	842,085	(3.1)	Freighters from FedEx, UPS and NCA; ranked first among all Asia airports in annual <i>Air Cargo World</i> Excellence survey
24	TOKYO HANEDA (HND)	Japan	832,854	4.3	Mainly domestic but fourth runway in 2009 to add international Asia flights
25	GUANGZHOU BAIYUN (CAN)	China	824,906	9.9	China Southern base; construction of FedEx intra-Asia hub expected to be completed in 2008
26	LUXEMBOURG (LUX)	Luxembourg	751,645	1.9	Cargolux hub
27	DALLAS/FT WORTH (DFW)	United States	748,056	1.5	American Airlines hub and regional hub for UPS; Cathay Pacific recently added to growing Asia freighter flights; ranked first among mid-sized North American airports for services in annual <i>Air Cargo World</i> Excellence survey
28	ATLANTA (ATL)	United States	746,500	(2.8)	Hartsfield-Jackson is world's busiest passenger airport and a Delta Air Lines hub; domestic cargo traffic down about 8 percent but added freighters from Alitalia, Cathay Pacific increasing international tonnage
29	BRUSSELS (BRU)	Belgium	691,250	(0.3)	Base for new Cargo B freight airline
30	COLOGNE (CGN)	Germany	691,110	7.4	UPS Europe hub; ranked first among European airports with 500,000 to 999,999 tonnes in annual <i>Air Cargo World</i> Excellence survey
31	OAKLAND (OAK)	United States	679,198	1.0	FedEx regional hub
32	KUALA LUMPUR (KUL)	Malaysia	670,790	2.2	MASKargo; hosting TIACA Forum 2008

Feature Focus: Top 50 Airports

WORLD RANK	AIRPORT	COUNTRY	TONNAGE	PERCENT (%) CHANGE	COMMENTS
33	SAN FRANCISCO (SFO)	United States	594,732	0.7	United Airlines hub; Cargolux service
34	SHENZHEN (SZX)	China	559,293	21.0	Home base for recently launched Jade Cargo, a 747 freighter operator co-owned by Shenzhen Airlines and Lufthansa Cargo; FedEx regional hub
35	PHILADELPHIA (PHL)	United States	533,285	(3.8)	UPS regional hub; US Airways hub
36	TORONTO PEARSON (YYZ)	Canada	516,000	8.6	Air Canada hub, Canada's largest airport undergoing 10-year improvement plan, including new infield cargo terminal
37	SAO PAULO (GRU)	Brazil	495,879	(0.2)	Varig; United Airlines
38	ONTARIO (ONT)	United States	492,693	(5.6)	UPS regional hub, including China flights; UPS with 70 percent tonnage share, FedEx 23 percent
39	MUMBAI (BOM)	India	478,600	10.0	Jet Airways plans to extend Europe passenger service to United States with Air Sahara subsidiary; Kingfisher Airlines planning international service, cargo operations; Cathay Pacific freighters
40	MILAN MALPENSA (MXP)	Italy	412,244	0.0	Alitalia MD-11 freighters, including new cargo flights this year to Miami; tied with Frankfurt among all European airports for first in annual <i>Air Cargo World</i> Excellence survey
41	MEXICO CITY (MEX)	Mexico	416,652	9.5	Aeromexico; American Airlines; Estafeta Cargo
42	MANILA (MNL)	Philippines	412,244	10.0	Philippine Airlines hub
43	HOUSTON (IAH)	United States	406,809	3.1	Continental Airlines; ranked first among North American airports in annual <i>Air Cargo World</i> Excellence survey for overall performance.
44	LIEGE (LGG)	Belgium	405,949	24.6	TNT Express main European hub; tonnage has almost doubled since 1999.
45	DELHI (DEL)	India	398,437	2.5	Blue Dart Express base; Jet Airways; Air India
46	JAKARTA (CGK)	Indonesia	384,050	11.5	Garuda Indonesia
47	COPENHAGEN (CHP)	Denmark	380,024	7.0	SAS, Maersk Air
48	SHANGHAI HONG QIAO (SHA)	China	363,598	1.1	Shanghai's older, second airport
49	BAHRAIN (BAH)	Bahrain	355,152	6.1	Gulf Air hub; ranked first among Middle East airports in annual <i>Air Cargo World</i> Excellence survey
50	TOLEDO (TOL)	United States	353,520	(0.7)	BAX Global U.S. hub

Source: Airports Council International, airport reports

Continued from page 19

rate reports from some airports that do not report directly to ACI.

And like 2005, the latest figures in Air Cargo World's report on top cargo airports shows important growth well beyond the most familiar hubs and gateways.

Growth of better than 20 percent in Xi'an, Muscat, Bangalore and Abu Dhabi showed economic prosperity spreading and air trade patterns are shifting. It's the sort of growth that's reflected in the rapid launches of new cargo airlines in recent years, with names such as Great Wall, Jade Cargo, AirBridge Cargo, Cargoitalia, Jett 8 and Cargo B pushing onto the scene, many of them offering services outside the most heavily traveled trade lanes.

That may be why among the largest European airports, only Frankfurt reported more than modest growth.

Liège, Belgium, the hub for TNT, was the fastest growing site in Europe. But the rapid growth at Vienna (12.1) percent and Budapest (17.3 percent), along with perhaps

the 9.2 percent expansion at Munich International, suggested the European Union enlargement may be having an impact, tilting the balance of trade in Europe just a bit toward the old Eastern Europe.

While Beijing and Bangalore have been growing, airports more closely tied to trans-Atlantic trade have had a slower time of it.

Sites such as Amsterdam, London Heathrow, New York Kennedy, Miami, Paris and Chicago still carry heavy weight in air trade, but those trade lines appear more mature and the airports have expanded only slightly in cargo business since 2003.

One airport bucking that trend was Washington Dulles International, which saw a 16 percent increase in cargo business in 2006. But the United Airlines hub, like Atlanta, Dallas-Fort Worth, JFK and other American airports, is gaining freight from greater service to Asia.

Continued on page 26

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Feature Focus: Top 50 Airports

Europe

Europe's top 45 cargo airports in 2006 (in tonnes)

WORLD RANK	RANK	AIRPORT	COUNTRY	TONNAGE	% CHANGE
7	FRANKFURT (FRA)	Germany	2,127,797	2.0	
11	PARIS DE GAULLE (CDG)	France	1,854,950	5.0	
16	AMSTERDAM (AMS)	Netherlands	1,559,787	4.3	
18	LONDON HEATHROW (LHR)	U.K.	1,343,932	(3.1)	
26	LUXEMBOURG (LUX)	Luxembourg	751,645	1.9	
29	BRUSSELS (BRU)	Belgium	691,250	(0.3)	
30	COLOGNE (CGN)	Germany	691,110	7.4	
40	MILAN MALPENSA (MXP)	Italy	419,126	8.9	
44	LIEGE (LGG)	Belgium	405,949	24.6	
47	COPENHAGEN (CPH)	Denmark	380,024	7.0	
52	MADRID BARAJAS (MAD)	Spain	350,759	(5.3)	
58	EAST MIDLANDS (EMA)	U.K.	301,001	2.5	
59	ISTANBUL (IST)	Turkey	297,866	8.6	
65	ZURICH (ZRH)	Switzerland	277,369	(2.3)	
67	FRANKFURT HAHN (HHN)	Germany	266,891	16.6	
74	LONDON STANSTED (STN)	U.K.	245,628	(4.4)	
77	MUNICH (MUC)	Germany	238,075	9.2	
82	LONDON GATWICK (LGW)	U.K.	220,287	(5.1)	
87	VIENNA (VIE)	Austria	201,869	12.1	
103	ROME (FCO)	Italy	164,436	(3.7)	
109	MANCHESTER (MAN)	U.K.	150,929	0.2	
112	MILAN LINATE (BGY)	Italy	139,530	3.3	
117	MOSCOW DOMODEDOVO (DME)	Russia	126,323	6.1	
120	HELSINKI (HEL)	Finland	121,694	(3.2)	
121	MOSCOW SHEREMETYEVO (SVO)	Russia	121,622	1.8	
123	ATHENS (ATH)	Greece	120,215	3.7	
126	DUBLIN (DUB)	Ireland	116,687	(0.8)	
134	LISBON (LIS)	Portugal	99,544	(0.5)	
136	BARCELONA (BCN)	Spain	99,040	1.8	
137	OSTEND-BRUGES (OST)	Belgium	98,526	(9.0)	
140	PARIS ORLY (ORY)	France	95,098	1.9	
146	OSLO (OSL)	Norway	90,133	5.5	
152	HAMBURG (HAM)	Germany	83,304	1.5	
162	STOCKHOLM ARLANDA (ARN)	Sweden	75,921	(17.2)	
168	BUDAPEST (BUD)	Hungary	65,151	17.3	
169	LILLE (LIL)	France	64,513	(5.1)	
171	KEFLAVIK (KEF)	Iceland	61,709	3.5	
173	GOTEBORG (GOT)	Sweden	59,643	(1.6)	
175	DUSSELDORF (DUS)	Germany	59,432	4.8	
176	TOULOUSE (TLS)	France	58,789	4.2	
179	BILLUND (BLL)	Denmark	55,986	7.5	
181	EDINBURGH (EDI)	Scotland	55,400	(3.2)	
182	PRAGUE (PRG)	Czech Republic	54,974	6.3	
184	MAASTRICHT (MST)	Netherlands	53,151	(7.6)	
190	BELFAST (BFS)	N. Ireland	50,493	(1.7)	

Source: Airports Council International, airport reports

North America

North America's top 45 cargo airports in 2006 (in tonnes)

WORLD RANK	RANK	AIRPORT	COUNTRY	TONNAGE	% CHANGE
1	MEMPHIS (MEM)		3,692,205	2.6	
3	ANCHORAGE (ANC)		2,803,792	5.9	
8	LOUISVILLE (SDF)		1,982,985	9.3	
10	LOS ANGELES (LAX)		1,907,173	(1.1)	
12	MIAMI (MIA)		1,830,592	3.9	
14	NEW YORK KENNEDY (JFK)		1,660,158	0.2	
15	CHICAGO O'HARE (ORD)		1,618,331	4.8	
20	INDIANAPOLIS (IND)		1,044,293	0.3	
21	NEWARK (EWR)		969,936	2.1	
27	DALLAS/FT WORTH (DFW)		748,056	1.5	
28	ATLANTA (ATL)		746,500	(2.8)	
31	OAKLAND (OAK)		679,198	1.0	
33	SAN FRANCISCO (SFO)		594,732	0.7	
35	PHILADELPHIA (PHL)		533,285	(3.8)	
36	TORONTO (YYZ)		516,000	8.6	
37	ONTARIO, CALIF. (ONT)		492,693	(5.6)	
43	HOUSTON BUSH (IAH)		406,809	3.1	
50	TOLEDO (TOL)		353,520	(0.7)	
51	WASHINGTON DULLES (IAD)		350,827	16.0	
53	SEATTLE-TACOMA (SEA)		348,549	1.1	
55	BOSTON (BOS)		324,870	(8.8)	
62	MINNEAPOLIS/ST PAUL (MSP)		288,290	1.7	
63	PHOENIX (PHX)		284,507	(6.1)	
64	DENVER (DEN)		281,931	(9.0)	
68	PORTLAND, ORE. (PDX)		259,382	(0.8)	
72	FORT WORTH ALLIANCE (AFW)		250,480	13.8	
81	VANCOUVER, B.C. (YVR)		222,494	(0.5)	
85	DETROIT (DTW)		214,152	(3.8)	
88	ROCKFORD (RFD)		199,222	10.5	
92	SAN DIEGO (SAN)		188,946	5.2	
94	SALT LAKE CITY (SLC)		181,372	(5.4)	
95	ORLANDO (MCO)		181,024	(12.3)	
100	HARTFORD/SPRINGFIELD (BDL)		166,947	(1.0)	
104	CHARLOTTE (CLT)		162,980	(7.4)	
105	MONTREAL-TRUDEAU (YUL)		153,346	5.4	
106	WINNIPEG (YMG)		153,281	2.2	
108	DAYTON (DAY)		151,118	(46.2)	
111	FORT LAUDERDALE (FLL)		148,161	(6.9)	
114	KANSAS CITY, MO (MCI)		135,015	(1.7)	
115	SAN ANTONIO (SAT)		129,517	8.4	
116	CALGARY (YYC)		127,275	1.4	
118	BALTIMORE (BWI)		123,955	(4.6)	
122	MONTREAL-MIRABEL (YMX)		121,238	2.9	
125	FORT WAYNE (FWA)		117,021	0.1	
128	COLUMBUS RICKENBACKER (LCK)		113,717	0.7	

Source: Airports Council International, airport reports

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Feature Focus: Top 50 Airports

Continued on page 23

Huntsville International Airport was the fastest growing airport outside Asia among the world's 300 largest airports, expanding 29.2 percent on the growing industrial business surrounding the Alabama airport.

Overall airline capacity is slipping or stagnant at most of the largest airports, based on aircraft movements, but the larger traffic patterns suggest global trade and its cargo transport service is advancing on a far different traffic from the passenger business.

Among the world's 30 busiest airports for aircraft movements last year, Beijing was the only one in Asia, and the China airport was No. 28. Beijing also was the fastest growing passenger airport, with 18.3 percent more passengers in 2006 than it had in 2005.

Hong Kong International's seemingly unyielding expansion yielded a bit in 2006, but the airport's 5.1 percent growth pace over 2005 was still almost double the growth at Memphis International, the main FedEx Express hub and the world's busiest cargo airport. Hong Kong's advance on Memphis has slowed this year, with the U.S. airport growing 4.9 percent in the first four months of 2007 while Hong Kong cargo business has been stagnant, including an ominous 5.4 percent decline in March.

Hong Kong may still be on a course to reach four million tonnes of cargo in the next few years. But even handler Hong Kong Air Cargo Terminals sees the future is deeper in China's mainland, where HACTL offers trucking connections Baiyun Guangzhou International Airport. Those trucks complete their trip within sight of the FedEx hub that will make Guangzhou a central base for the express operator and push the airport further up the ranks of cargo centers. ■

Fastest Growing

Fastest growing cargo airports, 2006 (Minimum 40,000 tonnes)

WORLD RANK	RANK	AIRPORT	COUNTRY	TONNAGE	% CHANGE
1	163	SUBANG (SZB)	Malaysia	72,798	37.2
2	21	BEIJING CAPITAL (PEK)	China	1,028,908	31.6
3	164	HUNTSVILLE (HSV)	United States	68,670	29.2
4	139	MUSCAT (MCT)	Oman	96,222	25.9
5	135	XI'AN (XIY)	China	99,470	25.8
6	44	LIEGE (LGG)	Belgium	405,949	24.6
7	102	BANGALORE (BLR)	India	165,801	24.4
8	34	SHENZHEN (SZX)	China	559,293	21.0
9	199	HYDERABAD (HYD)	India	44,165	20.9
10	69	ABU DHABI (AUH)	UAE	258,633	20.1
11	174	DAMMAM (DMM)	Saudi Arabia	59,608	20.1
12	130	TAMPA (TPA)	United States	109,133	19.8
13	127	LAGOS (LOS)	Nigeria	116,461	19.6
14	198	MALE (MLE)	Maldives	44,829	19.2
15	75	NAIROBI (NBO)	Kenya	242,467	18.9
16	119	GUADALAJARA (GDL)	Mexico	123,718	18.7
17	60	CHENGDU (CTU)	China	295,487	17.7
18	168	BUDAPEST (BUD)	Hungary	65,151	17.3
19	6	SHANGHAI PUDONG (PVG)	China	2,159,321	16.3
20	129	HANOI (HAN)	Vietnam	110,314	16.9

Source: Airports Council International; airport reports

Middle East/India

Top Airports Middle East/India

WORLD RANK	AIRPORT	COUNTRY	TONNAGE	% CHANGE
17	DUBAI (DXB)	UAE	1,503,696	14.4
30	MUMBAI (BOM)	India	478,600	10.0
45	DELHI (DEL)	India	398,437	2.5
49	BAHRAIN (BAH)	Bahrain	355,152	6.1
54	TEL-AVIV (TLV)	Israel	328,497	4.3
69	ABU DHABI (AUH)	UAE	258,633	20.1
70	SHARJAH (SHJ)	UAE	258,477	11.1
73	CAIRO (CAI)	Egypt	250,219	7.6
79	MADRAS (MAA)	India	233,610	14.6
89	JEDDAH (JED)	Saudi Arabia	198,067	(10.5)
91	RIYADH (RUH)	Saudi Arabia	191,290	(1.6)
98	COLOMBO (CMB)	Sri Lanka	172,147	6.7
99	KUWAIT CITY (KWI)	Kuwait	167,529	3.5
102	BANGALORE (BLR)	India	165,801	24.4
139	MUSCAT (MCT)	Oman	96,222	25.9
142	AMMAN (AMM)	Jordan	93,025	(6.2)
151	CALCUTTA (CCU)	India	83,528	8.0
174	DAMMAM (DMM)	Saudi Arabia	59,608	20.1
177	BEIRUT (BEY)	Lebanon	57,569	(9.0)
199	HYDERABAD (HYD)	India	44,165	20.9

Source: Airports Council International

Africa

Africa's Top 12 Airports

WORLD RANK	AIRPORT	COUNTRY	TONNAGE	% CHANGE
56	JOHANNESBURG (JNB)	South Africa	321,220	14.7
75	NAIROBI (NBO)	Kenya	242,467	18.9
127	LAGOS (LOS)	Nigeria	116,461	19.6
180	CASABLANCA (CMN)	Morocco	55,451	8.4
185	ENTEBBE (EBB)	Uganda	52,913	(0.4)
194	ACCRA (ACC)	Ghana	49,256	4.1
198	MALE' (MLE)	Maldives	44,829	19.2
208	BRAZZAVILLE (BZV)	Congo	41,065	15.8
214	ADDIS ABABA (ADD)	Ethiopia	35,922	39.9
221	LUANDA (LAD)	Congo	33,876	68.0
223	ST DENIS-GILLOT (RUN)	Reunion	32,997	2.0
260	ALGIERS (ALG)	Algeria	20,625	(8.7)

Source: Airports Council International

Latin America

Top 20 Airports Latin America

WORLD RANK	AIRPORT	COUNTRY	TONNAGE	% CHANGE
37	SAO PAULO (GRU)	Brazil	495,879	(0.2)
41	MEXICO CITY (MEX)	Mexico	416,652	9.5
*64	SANTIAGO (SCL)	Chile	280,000	n/a
76	SAN JUAN (SJU)	Puerto Rico	239,876	(1.6)
90	LIMA (LIM)	Peru	196,931	11.2
93	BUENOS AIRES (EZE)	Argentina	187,415	2.8
97	CAMPINAS (VCP)	Brazil	173,056	0.4
110	MANAUS (MAO)	Brazil	148,572	15.2
113	QUITO (UIO)	Ecuador	137,530	4.8
119	GUADALAJARA (GDL)	Mexico	123,718	18.7
124	RIO DE JANEIRO (GIG)	Brazil	119,230	(0.3)
139	CARACAS (CCS)	Venezuela	95,220	(1.3)
149	SALVADOR (SSA)	Brazil	85,124	4.7
154	PANAMA CITY (PTY)	Panama	82,047	(20.5)
155	SAN JOSE (SJO)	Costa Rica	81,179	(2.1)
167	GUAYAQUIL (GYE)	Ecuador	66,763	15.3
170	RECIFE (REC)	Brazil	62,795	3.3
192	BRASILIA (BSB)	Brazil	49,545	(38.1)
210	PORTO ALEGRE (POA)	Brazil	40,716	(13.1)
213	MONTERREY (MTY)	Mexico	41,102	(0.4)
219	FORTALEZA (FOR)	Brazil	38,794	4.2
226	PORT OF SPAIN (POS)	Trinidad & Tobago	32,264	4.9
227	BARRANQUILLA (BAQ)	Colombia	31,739	(0.1)

*estimated, full-year 2006 figures not available"

Source: Airports Council International

Asia Airports

Asia's top 35 cargo airports in 2006 (in tonnes)

WORLD RANK	AIRPORT	COUNTRY	TONNAGE	% CHANGE
2	HONG KONG (HKG)	China	3,608,789	5.1
4	SEOUL INCHEON (ICN)	Korea	2,336,571	8.7
5	TOKYO NARITA (NRT)	Japan	2,280,026	(0.5)
6	SHANGHAI PUDONG (PVG)	China	2,159,321	16.3
9	SINGAPORE CHANGI (SIN)	Singapore	1,931,881	4.2
13	TAIPEI (TPE)	Taiwan	1,698,808	(0.4)
19	BANGKOK (BKK)	Thailand	1,181,814	3.6
21	BEIJING CAPITAL (PEK)	China	1,028,908	31.6
23	OSAKA (KIX)	Japan	842,085	(3.1)
24	TOKYO HANEDA (HND)	Japan	832,854	4.3
25	BAIYUN GUANGZHOU (CAN)	China	824,906	9.9
32	KUALA LUMPUR (KUL)	Malaysia	670,790	2.2
34	SHENZHEN (SZX)	China	559,293	21.0
42	MANILA (MNL)	Philippines	419,126	8.9
46	JAKARTA (CGK)	Indonesia	384,050	11.5
48	SHANGHAI HONG QIAO (SHA)	China	363,598	1.1
57	NAGOYA (NGO)	Japan	306,957	n/a
60	CHENGDU (CTU)	China	295,487	17.7
61	FUKUOKA (FUK)	Japan	292,281	0.8
66	SAPPORO (CTS)	Japan	266,913	(0.5)
71	JEJU (CJU)	Korea	255,658	(3.4)
78	NAHA (OKA)	Japan	237,632	1.9
79	MACAU (MFM)	China	211,010	-7.3
80	PENANG (PEN)	Malaysia	225,957	1.7
83	SEOUL GIMPO (GMP)	Korea	218,429	-1.6
96	XIAMEN (XMN)	China	175,010	5.7
101	OSAKA (ITM)	Japan	166,562	-8.5
107	NANJING (NKG)	China	151,973	11.0
129	HANOI (HAN)	Vietnam	110,314	16.9
135	XIAN (XIY)	China	99,470	25.8
147	BUSAN (PUS)	Korea	90,000	-17.4
159	KAOHSIUNG (KHH)	Taiwan	76,997	-5.5
163	SUBANG (SZB)	Malaysia	72,798	37.2
191	KAGOSHIMA (KOJ)	Japan	50,168	-5.0
224	KUCHING (KCH)	Malaysia	32,830	-2.0

Source: Airports Council International, airport reports

Feature Focus:
Airport Facilities

Third-party developers may
build and manage the
airport facilities, but cost
conscious airports are no

longer silent partners

Beyond the

by Robert W. Moorman



Fence

Some major airports were for years considered absentee landlords when it came to the management of their airport facilities. Third-party developers were — and some are still — an adjunct to management, setting their own rental rates and at times operating independently. But changes are in the air at airport properties.

With a shakeout among airlines since 2001, and carriers focused more intently on cutting operating costs amid rising jet fuel prices, airports can no longer rely on the legacy carriers for a steady stream of rent revenue. The U.S. airlines emerging from bankruptcy protection are insisting that landing and rental fees remain unchanged, according to several airport executives, and airports are greeting the belt-tightening with a more disciplined approach to managing or subleasing on-site facilities.

The new management style includes a commitment to the bottom line and an insistence, some say, on accountability on how these facilities are managed.

Airport cargo executives realize on-site facilities "have become an accepted asset class, whereas before it was an ad-hoc game," said John Cammett, chief executive officer of Aeroterm, an air cargo facilities development and management company.

Cammett said he now sees a lot more "economic and financial discipline" going into the investment of airport facilities as well as greater standardization of facility leases.

Feature Focus: Airport Facilities

Aeroterm is developing the Pacific Gateway Cargo Center at Southern California's Ontario International Airport, which is in the midst of California's burgeoning Inland Empire industrial region.

Airports have started "to scrutinize more thoroughly every revenue stream to the airport," said Mike Maynard, aviation project manager for Wilbur Smith Associates, a transportation consultancy specializing in airport planning. "As a result, air cargo airport development today has to make business sense to an airport sponsor."

But that does not mean airports are abandoning third-party developers in favor of a go-it-alone plan, said Maynard. In fact, many are pushing more aggressively toward third-party development, he said. What is different today, he and others said, are airports direct, or, at the very least, increased oversight role in the management of the airport facilities.

For many, developing air cargo business no longer means standing by as a landlord in the distance while freight facility developers,

handlers and carriers manage their operations.

For many airports, third-party developers are an important part of the equation.

Pittsburgh International worked with a third-party developer, as has Kansas City International, which is conferring with Dallas-based Trammell Crow on a sizable distribution center there, said Maynard. Fort Wayne International is studying whether to develop facilities itself or go with a third-party developer.

Yet there are those that prefer flying solo. Baton Rouge Metropolitan Airport considered going with a third-party developer, but opted to develop two new cargo buildings itself. It did, however, hire a consultant to market the project, said Maynard.

Then there is the Southern giant, Hartsfield-Jackson Atlanta International Airport, which wants greater "command and control" of its facilities to increase revenue as well as enhance safety and accountability, said Warren Jones, aviation development manager for Atlanta International.

"It's a good business decision to build them ourselves. We have a waiting list," said Jones. "These facilities will rent out."

The Cargo Master Plan calls for the airport to build an additional 335,000 square feet of warehouse space by 2015.

Atlanta has three main cargo areas: North, South and Mid-Field, which is controlled solely by Delta Air Lines. Built in the 1990s, the South cargo complex later this year will see the start of construction on an additional 100,000 square feet of warehouse space, said Jones. He said the airport is in the initial planning stages for an additional 250,000 square feet of needed warehouse space, also at the South complex.

Some airports don't want to share revenue with third parties and decided to do it all themselves. But proponents claim there is a significant upside to having a third-party. The building and management expertise as well as the willingness to assume the lion's share of the risk is enticing.

And there is another benefit, developers claim. Facility charges are less at airports with multiple third parties on site than at airport-managed facilities because the market sets the price, not the airport.

"What a lot of the airports are learning, some the hard way, is that merely constructing a building is not being a developer and manager," said Steven Bradford, senior vice president and principal of airport development for Trammell Crow, which recently completed a 61,484-square-foot perishables facility at George Bush Houston Intercontinental Airport. The company also will soon open the first of a multi-part freight and logistics center at Calgary International Airport.



But third-party developers offer something else precious to airports — the ability to raise cash for construction. "A lot of airports don't have the capital for air cargo," said Robert Caton, vice president leasing and marketing director for AMB Property. "As a result, they look to third-party developers."

Those developers, experts say, are adapting to changing demands on the airport landscape from the air cargo industry.

Bradford said there is a growing need for on-site facilities that have "direct immediate apron" placement as well as facilities away from the apron with access to the aircraft. Integrators and international cargo airlines with large freight volumes typically want on-apron facilities, which comes at a premium, while those with limited cargo volume don't need direct access, he said.

Cammett said the growing sophistication of the air cargo business has demanded the facilities be easily accessible to road transportation and the rest of the airport, as well as secure and modular.

"What we're finding today is that the air cargo facilities built 30 years ago have to be significantly adapted, rehabilitated or maybe even torn down and rebuilt" to meet the stringent demands of today's air cargo business, said Cammett.

Although lucrative revenue opportunities in on-site facility development exist for airports and third-party developers alike, several airports are faced with crippling overcapacity created by the consolidation that has been sweeping across the cargo industry.

The UPS acquisition of Menlo Worldwide Forwarding (the former

China is rapidly building new on-site cargo facilities at airports throughout the country to handle the projected growth in air cargo.

"Virtually, every gateway airport in China is interested in growing the cargo segment of their business," said Daniel B. Muscatello, managing director, cargo and logistics for Landrum & Brown.

The expansion comes amid larger investment in overall infrastructure, including massive projects to build up airports to meet Western standards. Part of that strategy, say experts, includes committing not only to basic freight handling facilities but to logistics parks that will be part of broader supply chain strategies linking manufacturing and international trade.

Developing China

Major developers such as ProLogis and AMB Property have large operations in the country overseeing logistics sites in Beijing and Shanghai and the developers are looking more deeply at distribution centers far from the more familiar gateways.

In Tianjin, said Muscatello, airport authorities are looking to develop a 300-acre logistics park. The same story is being written for Dalian, on the southern tip of Liaodong peninsula in northeast China. Guangzhou too wants to develop a full service logistics park at the airport.

Trade is leading to airport investment in other parts of Asia. Expect to see large-scale development of airport facilities in Vietnam, where several IT companies have set up shop, as well as in Korea and Japan, said Muscatello.

And third-party developers are starting to look more closely at India, he said, where the sheer size of the market and the ongoing growth will overcome skepticism over bureaucracy, he said. ■

Emery Worldwide operation) and DHL's purchase of Airborne Express left hubs at Dayton, Ohio, and Cincinnati without users.

UPS closed the Dayton hub last June and merged the Menlo operation with its main air express hub in Louisville, Ky. The closing, according to published reports, cost Dayton \$7 million in revenue from UPS as well as federal grant money. Nearly 1,200 jobs were lost. Dayton wants to buy and market the million-square-foot structure, but an agreement is months away, say city officials.

Meantime, Deutsche Post World Net-DHL decided to move all its express and ground operations into the old Airborne hub at Wilming-

ton, Ohio, leaving the relatively new hub at Cincinnati/Northern Kentucky International Airport empty.

"The end result is you have two ready-built national air cargo hubs that are practically dormant," said cargo business development consultant Michael Webber. "Throughout the system, there is a lot of redundancy [of airport facilities] created in the last 10 years."

Whether airports go it alone or enlist the help of third parties, there are plenty of cargo facilities being built or enhanced across the Americas.

Morton V. Plum, director of the Ted Stevens Anchorage International Airport, says the airport may soon

Feature Focus: Airport Facilities

break ground on its \$55 million Anchorage Global Logistics Airpark after seven long years.

Kalitta Air will become the first tenant of the 41-acre AGLAD. Evergreen International Airlines, Pegasus Maintenance, Trailboss Enterprises also will be tenants and FedEx is about to sign a lease for a maintenance facility there. The Airpark will be able to accommodate several large widebody aircraft, said AGLAD President Lee Nunn.

FedEx recently completed an expanded sorting facility and added two additional airport parking pads. And Northwest Airlines recently signed a lease a new hangar at Anchorage that will be modified to accommodate the airline's 12 747-200 freighters.

At Nashville International Airport, produce company Freshlink is proposing to build a 130,000-square-foot perishables facility to handle fresh strawberries bound for China.

The airport is trying to enhance its relationship with the Chinese government, said Tommy Jones, director of business development for the Nashville Airport Authority. If successful, the airport will hire a third-party developer to build on-site facilities to accommodate the projected increased in cargo traffic coming from China.

In Houston, George Bush Intercontinental Airport, Trammell Crow recently finished a perishables facility and the airport is looking to expand a 500,000-square-foot cargo facility built in 2003, said Genaro Peña, director of marketing at the Houston Airport System.

Part of the motivation behind the perishables facility, said Peña, is to sell Houston as an "effective alternative gateway" to the traditional gateways, like Miami and New York.



It is not all about building new facilities to attract business. Airports are finding novel, sometimes non-aviation ways to enhance the bottom line and keep landing and facility charges at reasonable rates.

Consider the creative way of making money adopted by Kansas City International Airport. Airport tenant Wilson Motorsports is building a Le-Mans-type racetrack on 300 acres of unused airport land where amateurs can conduct road rallies.

The airport expects to collect around \$250,000 in rent annually from the private race club. That will be in addition to the \$350,000 in rent KCI gets from farmers for use of land for crops and cattle.

Farming Funding

And last fall, the aviation department bought a six-story nearby office building nearby from Hyatt Hotels and is generating significant revenue.

"We realize now that we've got to get away from relying on aviation revenues to keep us healthy," said Mark VanLoh, KCI's airport director. This creative moneymaking program help keep the terminal rents at \$26.90 per square foot, he said.

Apparently the idea of plowing up new revenue is spreading. The Houston Bush Intercontinental Airport is projecting \$4 million from one new revenue source: hay farming. ■

Trammell Crow also recently signed an agreement to develop warehouse, manufacturing, distribution and trucking facilities on some 800 acres at the Kansas City International Airport.

For those and other airports in North America and around the world, the expansion and addition of air cargo facilities are part of a larger drive to diversify their business by meeting the special needs of freight operations.

Indianapolis International Airport owns a site that was once a massive maintenance center for United Airlines. Now, part of the facility is occupied by Schenker Logistics and the airport, already a regional hub for FedEx Express, is completing a feasi-

bility study to build a 55,000 square foot perishables facility. Kirk W. Lovell, air service director for BAA Indianapolis, the manager of the airport, said the airport is aggressively marketing freight services "to diversify the mix of service."

Having sufficient and well-managed air cargo facilities are a key component of that mix of services. Without these components airports marketability and profitability are diminished.

In the future, say experts, third-party developers and airports must work in concert to build air cargo and other-use facilities to enhance revenue for both parties and free airports of dependence on the rough cycles of the airline passenger business. ■



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High-tech shippers trying to protect their goods in transit see air freight as an opportunity for improvement

Transport Seeks Security

by Peter Conway



hen Qatar Airways finishes refitting its freight terminal at the Doha airport, cargo General Manager John Batten is hoping to have the facility certified by the Transported Asset Protect Association. That follows the group's recent certification of AirBridge Cargo, making the Russian freight airline the latest operator to get the seal of approval from the shipper-led organization.

"It truly is a professional organization, much needed in our business," says AirBridge president and CEO Stan Wright. "It brings together all the elements of the logistics chain into an open and frank discussion, and also serves as a benchmark for what airlines and all the industry serving air cargo processes should achieve."

Interest from such companies shows how well established TAPA's name is becoming in air cargo, and illustrates how awareness of its security procedures is spreading around the globe. Already well established in the United States, Europe and Asia, the group has recently formed two new chapters, TAPA South Africa and a TAPA Brazil.

Thorsten Neumann, chairman of TAPA Europe Middle East and Africa, says a Dubai chapter is being formed under the leadership of Emirates Airlines, and includes the involvement of the Dubai airport police.

It's a dramatic expansion for an organization that started as the Technology Asset Protection Association in the U.S. in 1997 with handful of concerned manufacturers of high-technology goods. Theft of goods in transit was spreading right alongside the Internet-fed explosion in high-tech shipping and the companies believed common standards would help address the problem. Realizing there was a global problem, TAPA EMEA and TAPA Asia quickly followed.

The association is reaching out to other industry groups to adopt their standards. It is expanding from its original base in forwarding and ground transportation to look at security in air and ocean freight, and to connect with U.S. and European initiatives against the terrorist threat to cargo.

More recently, the group changed its name this year, swapping "technology" for "transported," to appeal to a wider range of shippers — or, more accurately, to recognize the growing interest in common security safeguards across the shipping world.

"It is a recognition that the same security standards that are needed for a pallet of mobile phones applies for example to a pallet of high value pharmaceuticals," says Glenn Nilsson, global supply chain security manager for Hewlett Packard and chairman of TAPA Americas.

The name change has already had an effect. TAPA is three separate, but related organizations, with the U.S., EMEA and Asia branches each having their own members. The EMEA branch has some 200 members and associates listed on its Web site, compared to 70 or so for TAPA Americas.

Neumann says there has been a big surge in membership, half with 50 companies joining in 2006 and 47 in the first five months of 2007.

Among them were pharmaceutical firm Astra-Zeneca and fashion company Gucci. Neumann says other big pharmaceutical companies have been contacted, including Glaxo SmithKline and Sanofi-Aventis, and he sees opportunities in other high value areas such as watches, sporting goods and duty-free goods. Athletic shoes manufacturer Nike is a longstanding member.

TAPA's focus now is on what it calls Freight Security Requirements, which were developed for forwarders and logistics companies.

It runs a certification program for these requirements, which is independently audited by German standards body Germanischer Lloyd. Truck Security Requirements have also been published but a certification program is still being developed.

Nilsson says the organization wants to extend its reach into the trucking sector, although he notes the forwarders that follow TAPA standards — including EGL, Schenker-BAX and Panalpina — already impose some conditions on their trucking contractors. Security experts say the trucking portion of transport is the most

“We are getting to a point from an investment perspective where this technology is starting to make sense for high value items.”

vulnerable to theft.

Nilsson also would like to extend TAPA standards to cover the air portion of transport, something that is a key priority in Europe too.

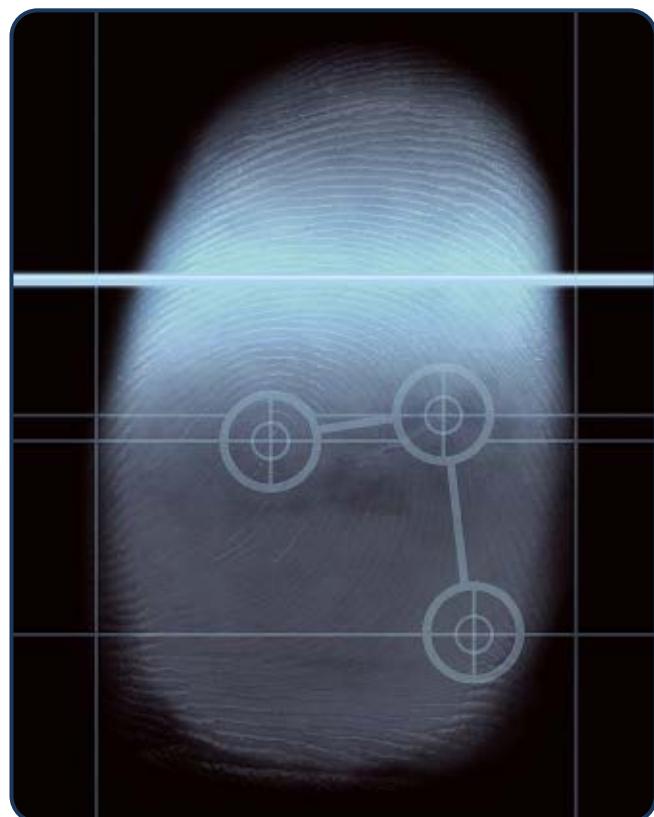
“We have six airline members, and we have a lot more airlines interested,” says Neumann. “On the airport side we have Fraport [managers of Frankfurt airport] and we are trying to get other airports and handling agents involved.”

In addition, TAPA is in talks with John Edwards, head of cargo security for the International Air Transport Association, with the aim of increasing airline involvement.

The focus here will be on ground handling. As Neumann points out, there is little risk of theft once the aircraft has left the ground. Yet, some recent high profile cases at London Heathrow Airport and Frankfurt Airport have shown cargo is still vulnerable to theft even when in the cargo terminal or on the ramp.

For this reason, TAPA’s main push with IATA is to make airlines more aware of the ground handling risks. Ultimately the association would like to develop a ground and ramp-handling version of the Freight Security Requirements.

Another goal for TAPA is to extend its reach into the devel-



oping world.

Both Nilsson and Neumann say multinational companies need the same security for their products globally. But can standards drawn up in the USA or Europe work in less ordered parts of the world?

Neumann points to TAPA South Africa, which was set up recently in the wake of some high profile cargo thefts in Johannesburg. The local chapter there adopted the TAPA standards but is introducing some local twists into its Freight Security Requirements, such as not trucking valuable cargo by night.

The FSR and TSR standards include a lot of common sense mea-

sures that can apply in any part of the world. Examples include transporting high value cargo in hard-body trailers rather than soft-sided ones, and ensuring valuable loads are not given to novice drivers.

Drivers also need to be briefed about how to raise the alarm if a theft occurs, with one requirement being that all of them should have a mobile phone.

“That might sound obvious in Europe or the U.S., but is not so common in the Middle East or Africa,” Neumann says.

Other requirements include ensuring only trusted staff have access to information on high value shipments – inside tip-offs play a major role in cargo crime

– and such simple measures as leaving brand names off boxes and not using black shrink wrap around pallets. To potential criminals, such things simply advertise the high value nature of the contents.

In the near term, Nilsson also sees an important role for technology itself as a guard against crime. Relatively small devices can be concealed in boxes of valuable products, and then tracked by satellite if shipments are stolen.

“We are getting to a point from an investment perspective where this technology is starting to make sense for high value items,” Nilsson says.

Neumann, meanwhile, stresses the Freight and Truck Security Requirements are constantly being updated to take into account new technology and threats. The FSR has just been updated, and the TSR will be updated next year.

Still, the group's reach isn't as great as its members would like.

In the Americas, Nilsson admits TAPA has little reach into Latin America so far, but he hopes the recent launch of TAPA Brazil will soon lead to chapters forming in other countries, such as Mexico.

In Latin America, Nilsson says, hijackings and threats of violence tend to be more of a problem, whereas in the US thefts tend to be of whole trucks left unattended. In Europe, truck rest stops are a particular target, and TAPA EMEA is working with the European Union on an initiative to create safe places for trucks to park.

Another area both TAPA organizations are exploring is how to link into government initiatives against terrorism.

Soon after the September 11 terror attacks, some officials in the U.S. government's nascent security apparatus turned to the TAPA anti-theft

standards as potential guidelines for operating safeguards against potential terrorism in the supply chain.

Now, Nilsson says there have been talks with the U.S. Customs and Border Protection agency to see how TAPA standards can fit into the Customs-Trade Partnership Against Terrorism, the well-received program that enlists shippers and logistics operators in certifying security for crossborder transport.

But Nilsson admits anti-terrorism measures are much wider in scope than TAPA standards, covering the whole supply chain. "We are just a slice of that, but we obviously want to do all we can to support that program, and see if there are areas where we can strengthen our standards to fit," Neumann says.

In Europe, Neumann talked with the Transport and Tax departments of the European Commission to see if TAPA standards can be linked to its proposed Authorized Economic Operator program, an E.U. version of C-TPAT. One idea being considered is for TAPA certification to be part of AEO accreditation.

"But the biggest challenge is that every country has a different view of what should be included in the AEO program, so discussions are ongo-

ing," Neumann says.

TAPA EMEA is also looking at the E.U.'s known shipper program, and talking to the International Standards Organization about its ISO-28000 for supply chain security. And it is in discussions with CLE-CAT — the European organization for national freight forwarding associations, and Freight Forward International, which represents the major European-based freight forwarders.

For the company's involved, the real question is whether the attention — and investment — required to reach TAPA's benchmarks really works.

Nilsson insists it does, saying an independent audit of 24 TAPA Americas members found they saved \$483 million over five years by applying TAPA standards, an average of \$20 million per company.

"The loss from a theft is not just the loss of the goods, but the cost of lost market share, unhappy customers and making claims," says Nilsson.

"In fact, it has been calculated that the actual loss is on average five times the value of the goods stolen. So it is vital that security is built into the supply chain right from the start." ■



Africa: Shipping Looks Beyond the Savannah

Region's increased production of cut flowers and perishables drives worldwide demand

For decades, Africa was an afterthought in the international air-cargo lexicon. Other than for South Africa and the shipment activity created by its abundant natural resources, Africa offered scant growth opportunities for air-cargo carriers and its intermediaries.

The African air-cargo industry of today would be unrecognizable to the traditionalist. The robust cut flowers markets of Kenya and Zambia is driving demand for air-cargo services on northbound legs to Europe and Asia. The surging global thirst for petroleum products has opened up markets such as Nigeria for shipments of oil drilling equipment and related materials sent via air. And a broad rise in wealth and disposable income across the continent has triggered demand for consumer goods and electronics from Asia, and health care products and services from Europe. Concurrently, high-value cargo continues to flow into and out of South Africa, maintaining

that country's position as Africa's air commerce epicenter.

According to Ethiopian Airlines, many African economies are experiencing growth in the healthy 6 percent range. Therefore, this should



continue to stimulate airfreight demand, the carrier said.

No longer overlooked, Africa is considered a top locale for air-cargo growth. And two carriers are well positioned at the vanguard of this secular shift: Cargolux International Airlines S.A. and Ethiopian Airlines.

A stable growth spurt

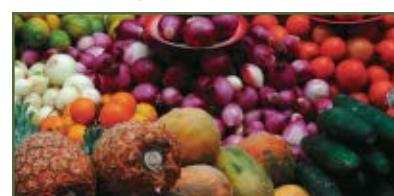
Few carriers serving Africa have cultivated the continent's air-cargo market as strongly as Cargolux. Long



considered the traditional airline outside of English-speaking South Africa, Cargolux has essentially developed the cut flower category. The carrier remains a solid player in the South African trades, and has built a strong presence along the western slope of the continent — a footprint that Pierre Wesmer, the airline's vice president, Europe, Middle East and Africa, said he plans to expand into 2008.

Cargolux's strategy, combined with market forces attracting business to Africa, is paying off. Wesmer said the carrier has experienced double-digit growth in Africa for the past three to four years, and that future growth prospects look solid and bright. "It appears to be evolving into a very stable situation year-over-year," he said.

Driving this stability, he said, is a



relatively newfound directional balance on north-south routes. "For years, the imbalances were very profound," he said. "We would see strong business southbound into Africa, and softness going north. Then we would see robust northbound loads, mostly seafood and perishables, but it would become a challenge to find southbound loads.

(Continued on Page 41)



Cargolux Airlines provides high-quality, worldwide presence

Based in Luxembourg, Cargolux Airlines International S.A., is one of the leading suppliers of high-quality, worldwide scheduled and charter air-cargo services. The company has more than 35 years of experience and currently is the seventh-largest air-cargo carrier worldwide, and the largest all-cargo carrier in Europe.

Cargolux owns 14 B747-400 freighters, with one more such aircraft to be delivered in July 2007 and in July 2008, respectively. Cargolux is the launch customer of the B747-8F, with the first aircraft to join the fleet in the second half of 2009. The company has 13 of this new generation aircraft on order, plus 10 purchase rights and two options.

The company has more than 85 offices in more than 50 countries and also offers an extensive trucking network to more than 120 destinations in Europe as well as charter and aircraft

maintenance services. Cargolux has repeatedly been named Best All-Cargo Airline by various trade publications and was awarded Cargo Airline of the Year 2005 by Air Transport World magazine. The company was also named European All-Cargo Airline 2006 by the British Institute of Transport Management and was presented with the 2007 Air Cargo Award of Excellence from Air Cargo World.

Cargolux employs more than 1,400 staff worldwide. For more information, visit our Web site: www.cargolux.com.



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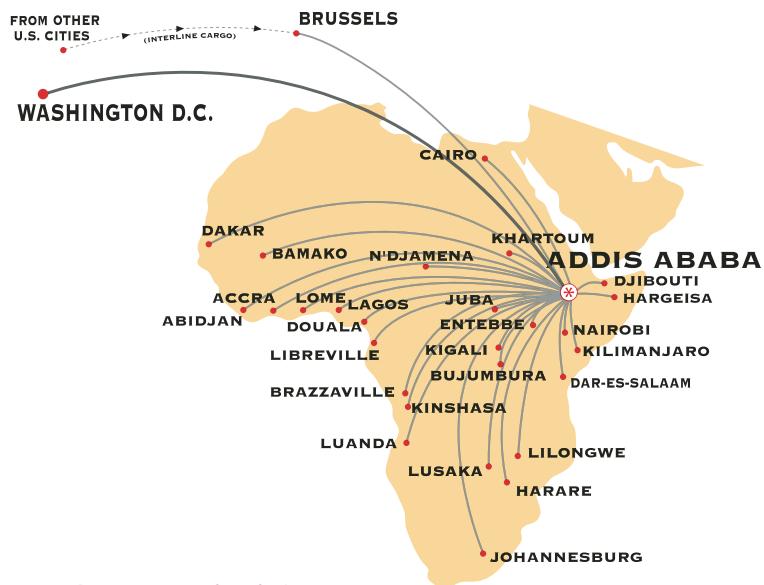
Founded in April 1946, Ethiopian Airlines operates a comprehensive network of passenger and cargo services within Ethiopia and throughout the continent of Africa, as well as Europe, the Persian Gulf, Asia and North America.

Until 1976, when Ethiopian configured its 707-320C aircraft into a cargo-only freighter, the airline used the belly holds of its passenger aircraft for cargo carriage. In

1985, Ethiopian Airlines acquired a B707 all-cargo aircraft, furthering its cargo capacity. This was followed in 1988 by the delivery of two Lockheed L100-30s, providing a quantum leap in performance and capacity for the shorter haul and smaller airfields. The 1980s was also a time when the B767ER arrived. These aircraft are built with an important additional capacity to hold cargo. The most recent acquisition for the cargo fleet was an all-cargo Boeing 757-260F. In

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addition, Ethiopian Airlines leases two DC-10-30Fs and an AN-12.

Cargo is handled and dispatched with efficiency using modern cargo-handling equipment and an experienced staff based around the world. Ethiopian Airlines' newly constructed Cargo Terminal in Addis Ababa has 14,000 square meters and the capacity to accommodate more than 250,000 tons of airfreight a year.

The company's warehouse facility includes a 2,000-square-meter cold room with a capacity of 130 tons of palletized (52 pallets) cargo at temperatures ranging from minus 23 degrees Celsius to 11 degrees Celsius. Ethiopian Airlines takes great pride in its cargo operation and storage facilities. Continuing additions and improvements to these facilities ensure safe and efficient handling of all types of cargo.

Ethiopian Airlines plans to expand its services within the freighter market. The proposed growth will help increase its share of the largely untapped and expanding African freight market and elsewhere around the world.



(Continued from Page 38)

Now, the market has achieved a better balance, and we believe the situation is more durable."

Wesmer said import demand into Africa has increased considerably because oil revenue drives up many Africans' buying power. "We are seeing a noticeable rise in consumer goods, especially from Asia, and we are also seeing export growth to Asia for perishables products," he said. "This is challenging the traditional European thinking concerning Africa that everything moves north to south, and vice-versa."

Cargolux serves Africa with 10

is the responsibility of the various governments, not Cargolux.

A robust region

For Ethiopian Airlines, airfreight growth can be found in perishables, specifically agricultural exports. According to Berhanu Kassa, the carrier's director, cargo marketing, agricultural export traffic out of Ethiopia has been growing as much as 43 percent a year for several years. "This level (of Ethiopian export growth) is expected to be surpassed this year and for years to come," he said.

Most industrial shipments into and out of Africa move by sea, Kassa said. He said that a directional imbalance exists from December to May on African-European trade lanes as a result of the high demand for perishable exports to Europe. In addition, a year-round imbalance occurs between Africa and the Middle East and Asia; because there is little export activity to those regions while demand in Africa for products from those regions remains robust.

Ethiopian, which operates all-cargo flights to Dubai, Mumbai, Jeddah and Brussels, is also the dominant



weekly round-trip freighter frequencies. Wesmer said Cargolux, which currently serves Africa only from Europe, is looking closely at adding frequencies to and from Asia.

One of the biggest challenges and growth impediments, Wesmer said, was an antiquated infrastructure that is unable to accommodate the increased traffic volumes. "Airport capacity, warehouses, the road network to and from the terminals, and the cool-chain facilities all need to be upgraded," he said, noting that this

Overall, Kassa said the agricultural export market, mainly flowers and vegetables, continues to be on the rise, while the growth potential in other sectors continues to increase at the same time. Kassa also mentioned that import traffic, mainly industrial products and consumer goods from Asia, Europe and the Middle East, is growing at a somewhat slower pace. "Although we transport all types of commodities, perishable cargoes are very much at the forefront of our traffic mix out of Africa," he said.

freight carrier to countries such as Nigeria, Togo, Ivory Coast, Mali, The Congo and Chad.

Ethiopian has plans under way to introduce freighter services to Accra, Ghana; Lome, Togo; Libreville, Gabon; and Douala, Cameroon. The company is also adding frequencies to and from Lagos, Nigeria; and Kinshasa, Zaire. A freighter service to and from Hong Kong and mainland China is also in the works to take advantage of increased demand for consumer goods produced in Asia. ■

Events

Sept. 3-6

Hong Kong: Air Freight Asia 2007, annual conference and exhibition, alongside Asian Aerospace. For information, visit: www.airfreightasia.com.

Sept. 5-6

San Francisco: Aircraft Finance and Fleet Development for the Americas, by the Aviation Industry Group, looking at fleet and network planning as well as financing and leasing planes. For information, call +44 20 7828 4276, or visit: www.aviationindustrygroup.com.

Sept. 18-20

Warsaw: Cargo in Emerging Markets – Eastern Europe, the IATA conference is the third in a series of events that includes looks at challenges and opportunities outside the main trade lanes. For information, visit: www.iata.org/events/calendar

Sept. 18-19

London: Aircraft Value and Investment Conference, at the Holiday Inn Kensington Forum, by Aviation Industry Group and BACK Aviation Solutions, the event looks at market trends for new planes and those out of production. For information, call +44 20 7828 4276, or visit: www.aviationindustrygroup.com.

Sept. 23-25

Stockholm: World Route Development Forum, featuring the new "Routes Cargo Zone," the 13th edition of the popular event bringing together airlines, airports and service strategies. For information,

call +44 162 550 2545 or visit: www.routesonline.com.

Sept. 30-Oct 3

Kansas City, Mo.: Airports Council International-North America Conference and Exhibition, at the convention center, including an airport forum with the Department of Homeland Security. For information, call (202) 203-8500 or visit: www.aci-na.org.

Oct. 9-12

Munich: inter airport Europe 2007, looking at how to handle the ramp-up in airport operations. For information, call +44 (0) 172 781 4400 or visit: www.mackbrooks.co.uk.

Oct. 15-17

Seattle: Cargo Facts 2007, at the Westin, the Air Cargo Management Group's 13th annual aircraft symposium looks at the value of plane-speaking. For information, call (206) 587-6537 or visit: www.cargofacts.com

Oct. 21-24

Philadelphia: CSCMP 2007, at the Pennsylvania Convention Center, the annual meeting of the Council of Supply Chain Management Professionals, where shippers own the freight and the event, the logistics world's largest gathering of shippers includes a keynote by former H-P chief Carly Fiorina. For information, call (630) 574-0985 or visit: www.cscmp.org.

For more events, visit:
www.aircargoworld.com/dept/events.htm

Oct. 18-22

Dubai: FIATA World Congress, at the Grand Hyatt, the annual meeting of the worldwide freight forwarder association. For information, call +44 43 211 65 00 or visit: www.fiata.org.

Oct. 29-31

Chicago: Parcel Forum '07, at the Hyatt O'Hare, the annual meeting helps shippers and their carriers think outside the box. For information, call (203) 378-4991 or visit: www.parcelforum.com/2007.

Nov. 7-9

Miami: Air Cargo Americas, at the Sheraton Center, the ninth edition of the bi-annual definitive event looking at air trade to, from and within Latin America. For information (305) 871-7904 or visit: www.aircargoamericas.com.

2008

Jan. 23-25

Mumbai: Air Cargo India 2008, organized by the Stat Trade Times, looking at one of the world's fastest growing freight markets. For information, call +91 22 2757 0550 or visit: www.statetimes.com/aci2008.

June 17-19

Shanghai: transport logistic China, at the Shanghai New International Expo Centre, the Munich International Trade Group event includes a conference forum and a sprawling exhibition. For information, call +49 89 949-20 245 or visit: www.transportlogistic-china.com. ■



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The screenshot shows a grid of classified ads from different countries. Some visible titles include "Air Cargo Classifieds Worldwide Business Partnerships", "Express Air Freight Forwarding International Express Forwarding Domestic Air Ocean", "LARSEADINFO", "Air Cargo World Catalogue", and "STAR AIR CARGO PVT LTD". Each ad includes a small thumbnail image and some descriptive text.

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People

Obituary

John C. Emery

Jr., a major architect of expansion in the air freight industry who saw his bid for greater growth cut off by the even greater growth of the integrated package carriers, died in April at his home in Connecticut. Emery, who was 82, was chairman of the company that bore his name from 1969 to 1988. He worked for the company his father, John C. Emery Sr., for years before taking over what was called Emery Air Freight and turning it into the largest heavy freight airline in the United States. He changed the name to Emery Worldwide and, facing tight capacity as passenger airlines pulled down freighters following deregulation, created an airline operated more than 60 freighters from a Dayton, Ohio, hub. But facing heavy competition from Federal Express, Emery added a small package business by buying Purolator Courier for \$323 million in 1987, a disastrous purchase that sent the company's finances spiraling downward. Emery's board replaced John Emery Jr. in December 1988 and sold the company a few months later to trucker Consolidated Freightways when the airline was rumored to be only days from liquidation.



Emery

David L. Siegfried, a longtime air express industry leader who was president of Burlington Air Express and TNT Express, died in February at his home in Little Rock, Ark. He was 57. A graduate of Brown University, he was a vice president at Airborne Express as well as president of Burlington, the carrier that later became known as BAX Global. He was

president of Mail Contractors and was with TNT from 1995 to 1999. He was also president briefly of North American Aeroflot. He later left the air cargo industry to become president of Chemlawn Services.

Airlines

Lufthansa Cargo: The German airline named **Thomas Eggert** managing director of cargo counts. He was currently Lufthansa Cargo's regional director for Southeast Asia and Australia, based in Singapore. Eggert, 43, has been with the Lufthansa Group since 1988, and succeeds Georg Midunsky, who is retiring after 36 years with the Lufthansa Group.

Atlas Air: Atlas Air Worldwide Holdings named **Gregory T. Guillaume** vice president of financial planning and analysis at the parent of Atlas Air and Polar Air Cargo. Guillaume, 43, had been vice president of finance and controller at ASTAR Air Cargo and earlier held financial management positions at US Airways.

Dragonair: The Hong Kong airline named **May Lam-Kobayashi** head of corporate communication. She had been manager for overseas corporate communications at Dragonair owner Cathay Pacific Airways. She is a former radio host and producer for stations in Hong Kong and Vancouver who joined Cathay in 1999.

Swiss WorldCargo: The freight division of Swiss International Airlines named **Urs Stulz** managing director for Europe, replacing Hans Nilsson, who left the company. Stulz has been cargo director for Switzer-

land and has been with the airline since 2002.

ABX Air: The all-car-go airline made several appointments to its management staff. ABX promoted **Jim Taylor**, a 28-year veteran of the company's ground department who started as a ramp worker, to senior director of day operations. **Doug Rudy**, who joined ABX in 1984 as a part-time sorter, was named night operations director of ramp and transportation. And the airline promoted **Rex Gunning**, a 27-year veteran of the company, to director of flight technical training and compliance. ABX also named **Brian Schlise** manager for the East region. Schlise has been with ABX Air since 1996. ABX also appointed 15-year industry veteran **John Millen** manager of its Providence, R.I., regional hub. Millen started with UPS in 1992 as an unloader and was more recently a manager at Brinks Armored Car in New England and a manager for the Laidlaw Educational Services Transportation Department.

Thai Airways: Thai Cargo named **Voraprat Suesaeng** managing director for cargo and mail. He replaces **Chanchai Singtoroj**, who was promoted to executive vice president of human resource development.

Integrators

DHL: DHL Express named **Ben Gordon** operations and implementations manager of its express logistics centers in the United Arab Emi-



Rudy



Millen

People

rates. He will oversee sites in Dubai at the airport and the Jebel Ali free zone and at express centers in Abu Dhabi and Al Quoz.

UPS: The carrier named **Vivian Chuah** managing director for UPS Malaysia. A 20-year logistics industry veteran, she joined UPS in 2006.

Ground Handling



Skycooler: The recently established temperature controlled container leasing company named **Philip Hill** chief executive officer as of Oct. 1. He replaces interim CEO

Graham Walters, who will resume his duties as sales director. Hill was a founder of Unitpool and was CEO of the global company.

Third Parties

Panalpina: The Swiss forwarder named **Mario Kropf** regional CEO for the Africa, Middle East and Central Asia division. Kropf has been with Panalpina since 1975 and has been managing director for Central Asia since 2001. He also has led Panalpina operations in Africa and India, including logistics for the Swiss Disaster Relief Corps and the Red Cross.

BAX Global: The subsidiary of DB Logistics promoted **Bill Sawtell** to vice president of IT infrastructure and service delivery. With the company for eight years, Sawtell had been director of network and integration services.

George Henderson: The United Kingdom-based firm, named logistics industry veteran **Larry Woelk** managing director of its Henderson Inter-



national Recruitment unit. A Kansas native, Woelk has spent most of his career in Europe for companies including Airborne Express, LEP International, BAX Global and Menzies.

He was president for Europe and Asia at Pinkerton Security.

Airports

Frankfurt-Hahn: The German airport named **Udo Preisner** head of marketing and sales, replacing **Maria Muller**, who moves to the management of the Rostock Laage

Airport department. Preisner, 32, had been in Vienna as manager of controlling and finance at Fraport Ground Services. Trained in tourism business administration, he started in the marketing department at the Stuttgart airport. ■



Preisner

Advertiser Index

Aeronautical Engineering	6
Air Cargo Americas	CV3
All Nippon Airways	CV2
BACK Aviation	25
Cargolux	Africa Section
Coyne Aviation	14
Dallas/Ft. Worth Airport	3
Delta Air Cargo	CV4
DNATA Cargo	33
Ethiopian Airways	Africa Section
Lufthansa Cargo	15
Mack Brooks	8
Malpensa Logistics	12
Macau Airport	7
Miami-Dade Aviation	23
Qatar Airways	37
Thai Airways	9



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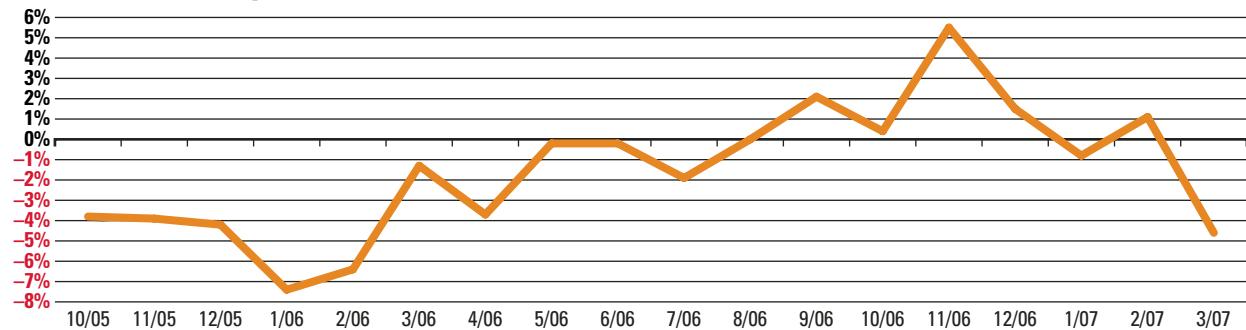
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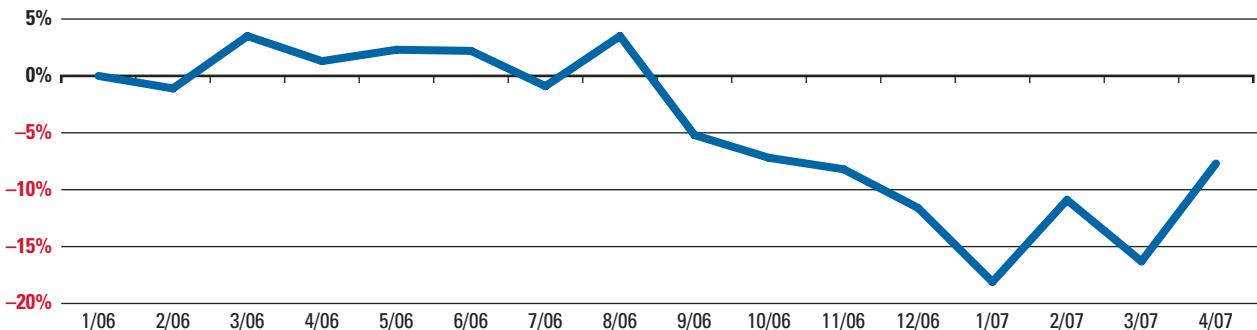
Monthly year-over-year percent change in freight traffic at New York Kennedy International Airport.



Source: Port Authority of New York & New Jersey

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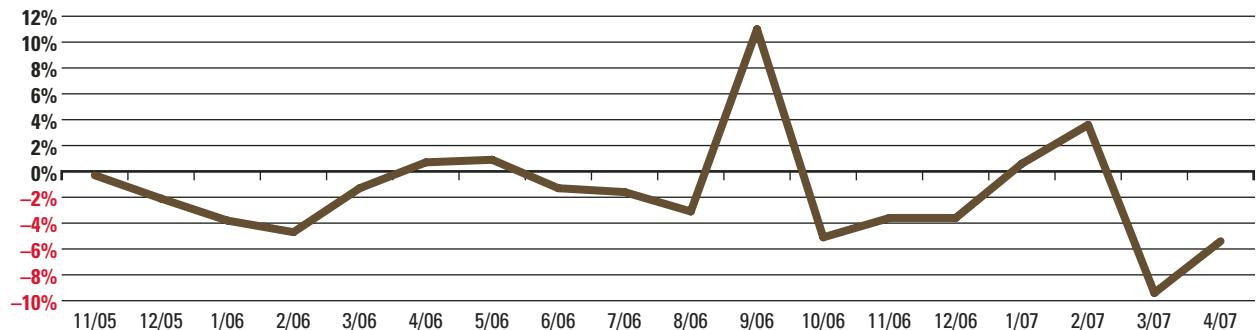
Year-over-year percent change in cargo traffic, in cargo tonne-kilometers, at British Airways.



Source: Company reports

LAX Traffic

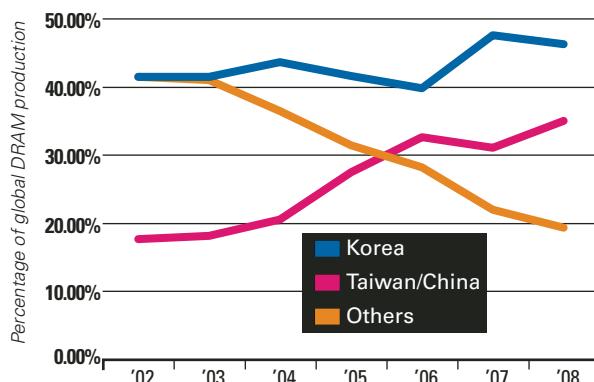
Monthly year-over-year percent change in freight at Los Angeles International Airport over last 18 months.



Source: Los Angeles World Airports

Making Chips

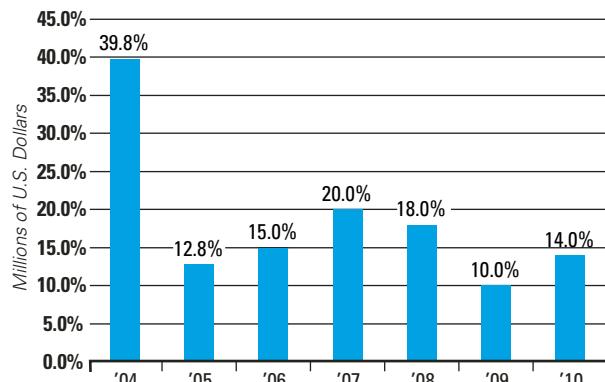
Regional share of global semiconductor production (*percent of units produced*)



Source: iSuppli

China Chipping

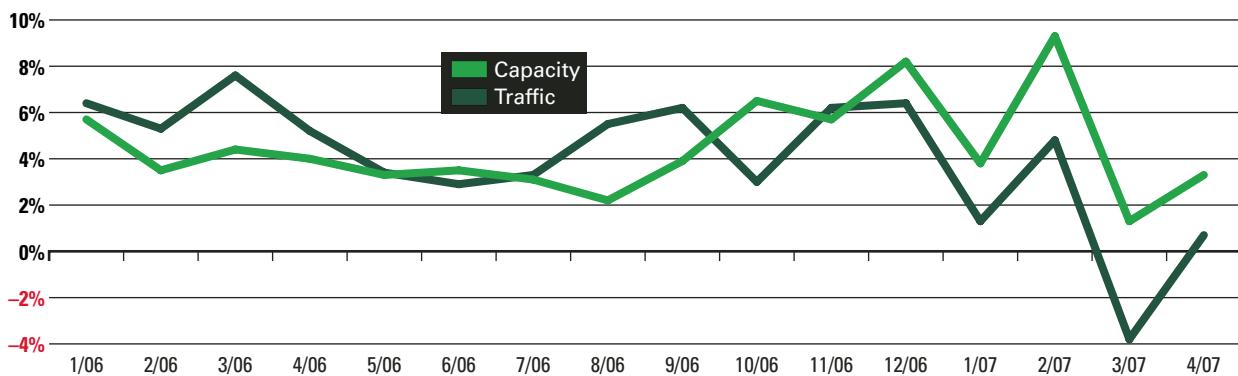
China's projected annual revenue growth from semiconductors



Source: iSuppli

Carrying Asia

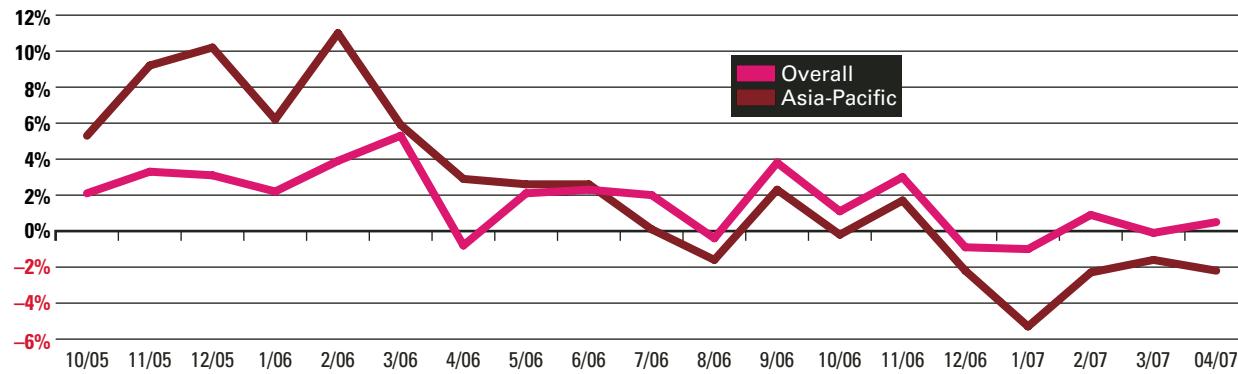
Monthly year-over-year percent change in capacity, in available tonne kilometers, and traffic, in freight tonne kilometers, of Asia-Pacific airlines.



Source: Association of European Airlines

Carrying Europe

Monthly year-over-year percent change in overall freight traffic and Asia-Pacific freight traffic for European airlines.



Source: Association of European Airlines

Airports

By Brandon Fried • Executive Director • U.S. Airforwarders Association

Few of us might know the name John Kasarda, but like John Emery or Fred Smith, Kasarda's vision of the future could change the direction of air cargo.

The University of North Carolina professor asserts that instead of building airports to the edges of cities, we should move them closer and build our cities around them. He has even coined the term "Aerotropolis" to describe a new form of urban planning, which is comprised of aviation businesses and related enterprises extending outward from major airports.

Projects are underway in Dallas, Detroit, Dubai, Beijing, Hong Kong, Kuala Lumpur, Bangkok, Amsterdam and other worldwide economic centers.

Companies ignoring their potential at this time of escalating global trade may do so at their own peril.

Kasarda asserts notes global domestic product rose 154 percent over the last 30 years and the value of world trade increased 355 percent. The value of air cargo climbed a whopping 1,395 percent during that time, with 40 percent of the total economic value of all world goods produced are shipped by air.

These goods are comprised of electronics, medical devices, fresh seafood and items demanding a close airplane with fast market access.

Deliver Now

Today's online capabilities help feed the freight that feeds today's "got to have it now" economy. A manufacturer's ability to meet customers' demand depends upon the existence and proximity to air cargo carriers, freight forwarders and logistics providers.

The U.S. has largely resisted this sort of coordinated development due to growth, haphazard zoning and environmental impact concerns. However, the U.S. has one example that shows the economic promise and possibility of an aerotropolis.

Memphis International, home to FedEx, represents the closest existing example to date. Numerous companies, free trade zones, warehouses and manufacturers have flourished next to the facility that is directly and indirectly responsible over 160,000 jobs in the region.

Today's online capabilities help feed the freight that feeds today's "got to have it now" economy.

Detroit is considering Kasarda's suggestion to build an aerotropolis using 25,000 acres of available land outside its main airport. Companies could take advantage of the Northwest Airlines hub and a proposed highway link to Willow Run, a primarily cargo and charter airport seven miles away. Resulting mixed use office and residential projects would flourish while transforming the beleaguered Southeastern Michigan economy.

While Detroit continues to debate the merits of a plan, the biggest aerotropolis being built is the \$33 billion Dubai World Central project scheduled for opening later this

year. The facility will be the size of O'Hare and Heathrow, combined with three times the capacity of FedEx in Memphis. Several development rings will serve customers such as IBM, Porsche, Rolls Royce and Caterpillar while

77,000 residents enjoy a golf course, office towers and shopping nearby. The Dubai project promises to become a vast economic engine with a residential and workforce population of 750,000.

Cargo Boost

Critics of the aerotropolis concept in the U.S. express concerns over ecological and environmental effects. Greenhouse emissions continue to influence legislation creating obstacles that might curtail its development.

Despite seemingly legitimate concerns, the concept is promising. Much as railroads and shipping lanes flourished around our nation's waterways, communities built around airports could power the nation's economic engine while maintaining our competitive edge against other countries. An aerotropolis could also increase use of air cargo transport.

Air cargo figures prominently in the economic justifications for the creation of an aerotropolis in Detroit.

Those of us involved in air cargo understand the need for efficient, safe and reliable delivery of goods, not just for our customers but also for the American economy.

The close proximity of shippers, forwarders and airlines in an aerotropolis is a forward-looking concept that prepares communities and businesses for the "just in time" economy of today and tomorrow. ■

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