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Air Cargo World

INTERNATIONAL EDITION

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COLUMNS

DEPARTMENTS

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Editor's **Note**

Airline Priorities

Some conferences are self-serving affairs that offer little value to attendees. The Airports Council International-North America Air Cargo Symposium in Los Angeles in late March was not one of them.

The event, a low-key annual affair amid the growing din of industry meetings, was a serious-minded, educational event that provided strong value for anyone interested in where the air cargo industry stands and where it is going.

One noteworthy speaker, Doug Britten, air cargo manager for the Transportation Security Administration, outlined in blunt terms the specifics of the federally mandated screening of cargo aboard passenger airlines. Shippers learned how they could help streamline the process by participating in the certified cargo-screening program.

No shipper is happy with the prospect of spending a lot of money to comply with the law, which requires 100 percent screening by August 2010, but TSA should be commended for giving shippers the message sans sweetener.

What was puzzling was the poor attendance by haulers of belly cargo — the airlines. That could be because they face more pressing matters, such as how to cope with punishing high fuel costs or increasingly unhappy airline passengers.

In my many years covering air transportation, I've never seen the relationship this bad between the airlines and their passengers. The airlines have not only alienated their principal source of revenue, but also managed to make them the enemy. Or so it appears.

When a court rebuffed California and New York for trying to pass passenger-rights legislation, the Air Transport Association sent out a gloating press release claiming victory. For whom? Certainly not the passengers. At the very least, airlines should ask themselves why passengers would want a law to protect their rights.

Rather than accept some responsibility for lack of service today, the American carriers blame the U.S. government's unwillingness to get on with modernizing an antiquated air traffic control system. A new, satellite-based system would help ease congestion, as would additional runway capacity. But the airlines need to be reminded that theirs is a service industry, with woefully inadequate service.

When several legacy carriers went bankrupt, the first areas to suffer were service related and the complaints multiplied. Gerald Grinstein, the former chief executive of Delta Air Lines, who is credited for bringing the carrier out of bankruptcy, admitted later that the Delta cut too deeply in service related areas.

If airlines don't wake up soon, the "R" word, re-regulation will become an unavoidable topic in Washington.

Air cargo executives might joke that freight gets better treatment than passengers. But shippers have their own headache to treat — how to screen 100 percent belly cargo and not go broke.

Robert W. Moorman

Air Cargo World

International Trends & Analysis

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News Updates

Delta, Northwest on Standby

The merger between Delta Air Lines and Northwest Airlines, if approved, would create one of the world's largest cargo operations, cargo leaders at both airlines claim, and prompt other carriers to quickly follow suit. "Between the two carriers, we will be the No. 1 U.S. cargo airline by far," Northwest Airlines Cargo President Tom Bach said. "We're going to have direct widebody service to every major center of commerce worldwide."

It's the largest announced merger of airlines since Air France and KLM combined and experts are predicting more consolidation, particularly in the United States, as carriers struggle with soaring fuel costs and tough price competition. Delta and Northwest would become the world's largest passenger airline and offer cargo service to more than 390 destinations worldwide, including all key freight centers in Asia.

"We are not going to make stupid decisions. We're going to run this business for maximum profitability," said Neel Shah, vice president of cargo for Delta.

Shah said the carrier would soon start "hard analysis" of the operations. Those items that "don't add to the bottom line, we'll stop doing," he said.

In a letter to customers, Shah, said the combined operation would add cargo capacity to the fleet by exercising options for up to 20 widebody passenger-configured jets between 2010 and 2013.

John F. Walsh, founder of the Walsh Aviation consultancy believes Delta/Northwest cargo will mimic somewhat the successful formula of Air France and KLM Cargo by providing all freighter and belly freight service.

With its 747-200 freighters operating on Pacific routes, Northwest was long the largest cargo-carrying American passenger airline, but fell to No 3 behind American and United airlines, based on traffic. Combined those carriers have about 37 percent share of the cargo business by U.S. passenger airlines based on revenue. Based on cargo ton miles flown, Northwest has about 20.9 percent of the market divided by the combination carriers and Delta has 12.3 percent, according to data from OAG, a sister company of *Air Cargo World*.

In interviews, both cargo leaders provided merger-related details as well as information on plans that pre-dated the merger announcement.

Bach said Northwest this October will shut down its station in Wilmington, Ohio, when Polar Air Cargo takes over the Anchorage-Wilmington route for DHL. Northwest is looking to the cities of Memphis, Dallas or Atlanta as replacement candidates, but most observers believe Atlanta will get the nod.

Bach anticipated that Northwest's freighter operation would remain following the merger. However, the cargo division, as part of a cost savings measure announced a day before the merger news, will reduce its 747-200-freighter fleet from 12 to 10 aircraft.

Bach said Northwest eventually would replace the 747-200 freighters with Northwest's 747-400s now in passenger service.

NWA Cargo also announced prior to the merger news plans to eliminate Guangzhou and Taipei from its freighter network. Osaka service will be retained. The new route rotation will be Anchorage-Seoul-Osaka-Anchorage.

Fixed Charge

Japan Airlines will pay a $110 million fine for its role in a conspiracy to fix rates for freight shippers, becoming the latest carrier

drawn into a global antitrust investigation that has enveloped the international cargo industry.

The probe also hit Cargolux, which last month set aside $155 million "to cover the company's potential exposure" in the investigation. Cargolux reported a $47.1 million loss as a result, but the freighter operator also said the financial provision was a "precautionary measure" and not an admission of guilt or wrongdoing.

According to court documents, JAL engaged in a conspiracy in the United States and elsewhere to "eliminate competition" for fixing cargo rates for cargo between the U.S. and Japan, earning the carrier $2 billion.

"The price-fixing conspiracy inflicted a heavy toll on American businesses and consumers," said Thomas O. Barnett of the U.S. Department of Justice.

JAL is the fourth major carrier to pay penalties in the case, including British Airways, Korean Air and Lufthansa.

Flight Descent

Kalitta Air's proposal to start a U.S. domestic airline freighter operation for forwarders never even made it off the ground.

Kalitta had hoped to start the service by mid-August, but Robert Hunter, the former industry executive who would have been president of the new network, told forwarders in a written statement last month, "This deal fell thru."

Hunter pointed to high fuel prices and a sagging U.S. economy, but also said commitment from forwarders "was not as robust as we would have liked." He said only a couple of companies responded to a tariff he sent out and the carrier "would need a commitment of a much grander scale by the forwarding community than was offered."

That was a blow to a domestic forwarding industry that has seen sharp cutbacks in capacity, with the demise last year of Kitty Hawk Aircargo and the continued slimming of fleets and services by U.S. combination airlines.

Some forwarders complained privately that Kalitta's prospective rates were too high, and even higher than those of Kitty Hawk, which collapsed last year under rising costs and flat revenue.

Getting Secure

More than a year after the United States passed a law calling for greater screening of belly cargo, the Transportation Security Administration is providing specifics on how it will carry out the mandates.

Doug Britten, air cargo manager for TSA, outlined in blunt terms at the recent Airports Council International-North America Air Cargo Symposium plans for TSA's Certified Cargo Screening Program, which includes for Certified Cargo Screening Facilities to screen cargo prior to acceptance for shipping by the forwarder or airline.

"If a company chooses to participate (by maintaining a certified facility), they will be regulated," said Britten. This is a voluntary program and the "industry will bear the whole burden of this program."

No federal funds will be provided to pay for the screening equipment and the hiring of employees, who will have to be vetted first by the federal government, Britten said.

Britten said an analysis of the costs of creating a CCSF is in the works. He recommended companies' wait until TSA releases the list of approved screening equipment before investing in any devices.

Those companies eligible to become a CCSF include: third-party logistics providers, manufacturing facilities, warehouses and distribution centers if the center directly tenders cargo to a freight forwarder or air carrier.

CCFs must adhere to stringent security requirements set by a TSA security program, which will include procedures and a mechanism to prevent unauthorized entry to facilities where certified cargo is being screened. Cargo handling and storage facilities must be physically secure with fencing, gates and locking devices as well as adequate lighting and alarms system. The facility must also allow for initial and recurring certification by TSA or its approved organization.

Current exemptions and alternate means of screening for shrink-wrapped, strapped and banded shipper pallets will be eliminated, TSA said.

Those companies choosing not to become CCSF are likely to face bottlenecks at the airport. "These changes are expected to cause significant air cargo handling delays at airlines where all screening is currently performed," said a TSA handout distributed at the conference.

Avianca Buys

The sale of Tampa Cargo to Colombian carrier Avianca will significantly boost Avianca's belly cargo capacity on domestic and international routes and further strengthen Martinair's global network.

News Updates

In addition to the all-stock sale, Martinair, Tampa Cargo and Avianca are forming a long-term strategic cargo alliance. "This new alliance opens up tremendous opportunities for Martinair and its new alliance partners by expanding our network and capacity throughout the Americas," said Paul Gregorowitsch, CEO of Martinair, a major shareholder of Colombia-based Tampa Cargo.

The joint alliance will not affect the current relationship between Martinair and Tampa Cargo, which share sales offices throughout the Americas.

"It's a great move for Avianca particularly," said Robert Booth, chairman of AvMan, a Miami-based consultancy to the airline industry. "It makes them become a model airline along the lines of Lan."

The partners expect the transaction to be finalized in June.

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Empire Building

With its $1 billion revenue milestone for 2007, the Volga-Dnepr Group is strengthening its position in the outsize and heavy cargo markets.

Despite high fuel costs, a troubled worldwide economy and overcapacity in some vital areas, Volga-Dnepr posted total revenue of $1.05 million for 2007, 51 percent higher than 2006 results.

The company's scheduled cargo airline, AirBridgeCargo saw revenue rise 32 percent in 2007 to over $300 million. Volga-Dnepr Airlines, the charter carrier, boosted revenue by 62 percent to $767 million.

During 2007, Volga-Dnepr's AN-124-100 freighter fleet carried 59,700 tons of cargo, exceeding its performance in 2006 by 43 percent. The airline's IL-76 freighter fleet hauled another 51,300 tons of cargo.

Traffic on ABC's 747 fleet grew by 20 percent to 101,900 tons.

Volga-Dnepr Airlines is in the process of upgrading its fleet. The first stage of the AN-124-100 upgrade is complete with the new version, the -100M-150 undergoing certification. In November 2007, ABC Airlines received its first 747-400 extended range freighter and two more aircraft were to have been delivered the first half of 2008. In addition, Volga Dnepr Group placed orders for five new 747-8 freighters; the aircraft will be delivered between 2010 and 2013.

Boeing Tested

A year ago, Airbus was scrambling to fix problems with the A380 widebody aircraft. Now it's Boeing's turn on the hot seat regarding its troubled 787 Dreamliner program. The aircraft won't make its inaugural flight until the fourth quarter of 2008 rather than at the end of the second quarter.

Deliveries won't even begin until sometime in 2009 and only 25 787s will be delivered next year.

This has left launch customer All Nippon Airways, which has 50 Dreamliners on order, the International Lease Finance Corporation, with 74 787s ordered, very disappointed about this, the third delay of the program.


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News Updates

The problems in the program aren't hurting Boeing's larger business. The manufacturer's net profit in the first quarter rose 38 percent to $1.2 billion. Revenue rose to $16 billion, a 4 percent gain over last year's quarter. Boeing next month plans to deliver the first 767-300 converted freighter to ALLEX, the joint venture cargo business between ANA, Nippon Express and Kintetsu World Express.

As for the 787, Scott Carson, president and chief executive officer, said the company has made "solid progress" in overcoming start-up issues on the program. "Nevertheless, the traveled work situation and some unanticipated rework have prevented us from hitting the milestones we laid out in January," he said.

Carson suggested the earlier delivery schedule, which would have given ANA its first aircraft in May 2008, was overly ambitious. But the latest schedule is built upon an "achievable, high-confidence plan" to get to first flight, he said.

A Boeing spokesman said the delay of the 787 program will have no effect on the first delivery of the 747-8 widebody freighter in late 2009 to Cargolux or the 777 freighter. Final assembly on the first 777 freighter began last month. The aircraft was to have rolled out last month, with flight tests of the twin-engine widebody planned for this summer. Eleven customers worldwide have ordered 78 777 freighters.

Barloworld's World

Barloworld Logistics, in what is seen as a trend of enhancing market share through acquisitions of established forwarders, is acquiring Dubai-based forwarder and logistics giant Swift Group and its affiliates in the Far East, India, United Arab Emirates, Africa and Germany for around $70 million.

"The skills, networks and clients of Swift and its affiliates will enable Barloworld Logistics to provide multimodal solutions in the global logistics arena," said Barloworld Logistics CEO Paul Stuiver, whose company is headquartered in Benmore, South Africa.

The privately held Swift Group has well-established services between Southeast Asia and Western Europe as well as numerous freight logistics services to various African markets.

The acquisition will include the marketing operations of one of Swift's business partners in Germany, which has been responsible for establishing the sea-air combined transport operation to the Far East and the Indian sub-continent via the UAE to various destinations in Europe.

Barloworld Logistics is also finalizing the purchase of a Hong Hong-based logistics company to strengthen Swift's presence in the region.

Swift Group's Chairman and Founder Issa Baluch said that he would continue to play a leading role in the Swift Group following the acquisition. ■

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NORTH AMERICA

Fuel Frenzy

Rising jet fuel bills take their toll on carriers as the domestic freight segment continues to suffer

With jet fuel prices shattering records just about every week, airlines are hunting for more ways to compensate for their growing fuel bills.

The squeeze is even tighter on the domestic side, with the flat economy and stricter security concerns driving more freight off aircraft.

Bearing the true brunt of the costs, however, are shippers, which are becoming stuck with fewer and costlier options as carriers cut services and ring up surcharges. Air cargo trucking services are coming under financial duress as diesel fuel costs continue their steep climb as well.

The price of jet fuel hit a new record at the end of March, reaching $3.455 per gallon in New York, about twice what it cost about a year ago, according to the U.S. Energy Information Administration.

After rising 10 cents per gallon from January to February, jet fuel prices soared another 69 cents in one month. During March, one cargo airline, Cargolux, raised its fuel surcharge every week.

Prices around the world are climbing almost as quickly as in New York. In Los Angeles, the price of jet fuel climbed from $2.767 in February to $3.182 on March 28. On the U.S. Gulf Coast, jet fuel prices increased from $2.728 in February to $3.137 on March 28. Outside the United States, Rotterdam reported selling jet fuel for $3.151 on March 28, up from $2.808 in February. In Singapore, the cost was $3.10 on the 28th, up from $2.643 in February.

The Air Transport Association, which represents major U.S. airlines, estimates that U.S. carriers will spend an additional record-setting $14 billion on fuel this year.

by Michael Fabey

Pumped Up

The costs have raised alarm bells around the industry as executives try to cipher what's going on and what they can do about it.

"We are concerned by the steep relentless rise in oil prices and we see little justification based on near-term supply and demand conditions to support these prices," said Frederick W. Smith, chairman, president and CEO of FedEx.

"There's no doubt speculative trading has driven prices higher, overriding market principles and adversely affecting consumer and corporate spending," he told analysts. "Our chief economist calculates that the increase in retail gasoline costs since mid-October has resulted in consumers now paying over $1 billion more per week for gasoline, for example, than they would have at last October's prices.

"This is probably the largest transfer of wealth in the history of the world — $2.5 trillion from the … oil-importing countries to the oil-producing countries since the price of fuel began to run up in 2002."

FedEx is looking for some macro-level answers.

"We've been very active over the last couple of years in trying to get Congress and the administration to come up with a more forward-thinking energy policy and we were gratified with the fist step taken last December with the (Energy Independence and Security Act), which hopefully will have some effects in the months and years to come in addressing this problem," Smith said. "Now, at FedEx in particular we will continue to invest in more fuel-efficient aircraft, vehicles and facilities and we'll accelerate the retirement of equipment when we can achieve a good return on investment for doing so."

Over the short term, however, options for the airlines are relatively limited. But for forwarders and shippers, the looming option appears to be trading down in mode.

"We believe persistently higher fuel prices and the related effects of our fuel surcharges are reducing demand on a macroeconomic basis and leading some customers to shift to less expensive services," Smith said.

Forwarders say they used to be able to eat some of the surcharges for their favored customers, but with prices climbing so high, they have little choice now.

They also have fewer choices if they want or need to fly their cargo.

Cash Reserves

Several airlines have cut flights and last month the U.S. passenger carriers announced new cutbacks as the financial impact of the rising fuel costs started to hit harder.

On the heels of a $542 million net loss in the first quarter, United Airlines said it will cut its domestic capacity 9 percent by the end of the year following a 5 percent capacity cut in the fourth quarter. The airline will drop 30 aircraft from its fleet this year and scale back capital investment, extending a trend that has seen U.S. carriers seemingly withdraw from the market for new aircraft.

United also proclaimed in its earnings report that it "continues to be a leader of fare and surcharge actions"

That may have been one reason the airline's cargo revenue soared 29.8 pecent to $218 million in the quarter even though traffic in cargo ton miles grew only 5.5 percent. Continental Airlines also saw cargo revenue jump 14 percent on just a 2.8 percent increase in traffic.

Northwest Airlines even grounded part of it fleet, although the DC-9, 757, A320 and A319 aircraft are not big carriers of cargo. Other capacity also left the market abruptly in the past two weeks when three passenger airlines, including Aloha Airlines, ceased operations.

But the nation's biggest airlines should be in good shape, according to one recent report.

As of the end of 2007, according to a report by The Associated Press, the airlines had banked about $19 billion in cash, said CalyonSecurities analyst Ray Neidl. If fuel stays at current levels and revenue drops 2 percent, they would still have $14.7 billion in cash by the end of next year, under Neidl's estimate.

That's below the 10-percent-of-revenue cushion airlines like, but probably enough to keep them aloft.

Of course, that's betting on fuel prices staying at today's levels. That's looking like a riskier gamble.

Domestic Miss

A UPS warning its slumping business in the first quarter was the latest sign the U.S. domestic expedited transport scene was going from bad to worse.

UPS and other carriers are still reaching for international freight business as a life preserver, but skyrocketing fuel costs are weighing down air cargo money streams in all lanes. While fuel surcharges offer some relief, airlines say the charges are lagging behind rising fuel costs and don't even cover two-thirds of the real impact of the rising prices.

Not only that, but the parcel carriers agreed to fuel discounts for their baseline commercial contracts for the year. Indeed, deep discounts and rebates continue across the board, giving shippers leverage for negotiating deals as the carriers battle to keep their customer base intact.

UPS cut its profit projection for the quarter between 8.5 and 12 percent, citing the fast-rising fuel costs and a move by shippers away from premium services.

UPS Chief Financial Officer Kurt Kuehn said the U.S. package industry had a solid January, but several indicators worsened starting February, with volume declining across virtually the entire customer base.

Domestic cargo for U.S. carriers grew 3.8 percent in February, the strongest expansion in the troubled market since August 2006. But even that left the month's traffic at about where it was in February 2004.

UPS sees a brighter future in international trade.

"Today, only 20 to 30 percent of trade actually crosses a country's borders," UPS Chairman and CEO Scott Davis told investment analysts. "By 2025, that statistic is expected to be 80 percent. This means there's a lot of opportunity going forward."

... Briefly

Cargo traffic for U.S. airlines grew at its sharpest rate in a year-and-a-half in February, advancing 6 percent on the strength of expanding trans-Atlantic trade, according to the **Air Transport Association**. Cargo business on Atlantic lanes, where the weaker U.S. dollar has spurred exports, grew 12.2 percent in February, the largest increase there air since October 2004, while domestic cargo growth accelerated, expanding 3.8 percent. ... The governor of Missouri and mayor of St. Louis signed an agreement with the Civil Aviation Administration of China to promote trade between St. Louis and China, including an agreement for a joint study to assess **St. Louis Lambert International Airport** as an air freight hub. ... **Estes Air Forwarding** will implement **CSA Software's** Web-based tracking application, World-Trak. ... **Alaska Air Cargo** is implementing a scanner-based cargo tracking system to give customers more timely information about shipments on Alaska Airlines and its regional airline subsidiary, Horizon Air. ... **UTi Worldwide's** net profit fell 4.6 percent in 2007, to $98.7 million, including a 20 percent slide in the fourth quarter, despite a 22 percent gain in both gross and net revenue on the year. Operating expenses in the fourth quarter grew 23 percent, excluding charges for a worldwide restructuring effort at the contract logistics operator. ... **American Airlines** tripled the eight limit on its Expeditefs freight service on narrowbody flights from 100 to 300 pounds. ... Logistics operator **Agility** took a 10.8 percent stake in **Industriaplex**, an integrated supply and installation provider, striking an alliance under which Agility will provide logistics services to complement Industriaplex's sourcing and services. ... **Cargolux** added Miami to its trans-Atlantic 747-400 freighter service, with daily service and continuing flights to Houston. ... **Estes Air forwarding**, the logistics subsidiary of trucker Estes Express Lines, said it's one of the first major carriers to meet the Transportation Security Administration's requirements for air cargo transportation. All drivers and other key personnel, who have access to air freight being transported aboard passenger and cargo aircraft have been trained and tested according to the TSA's specifications. ... **Lynden International** acquired the Anchorage division of seafood logistics company Movers. The companies will provide services for the Alaska seafood industry. ... **UPS** deployed 167 Compressed Natural Gas-powered delivery vehicles as part of a global alternative fuel fleet initiative. ... Israel Aerospace Industries' **Bedek Aviation Group** delivered the first 767-200 converted freighter to Cargo Aircraft Management, a subsidiary of Cargo Holdings International, owned by **ABX Holdings**. The aircraft is part of ABX's strategy to diversify into the charter business beyond its DHL contract ... First Financial Bank named **DHL** its exclusive delivery services provider in North America. ... **AA Cargo** launched a Web-based service to provide access to customs status information on imports to the United States. ... **American Airlines Cargo** increased the per piece weight limit on its Expedite*fs* freight product from 100 to 300 pounds on narrowbody aircraft, AA Cargo's express product that provides priority boarding. ■

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Retaining Share

The good days are apparently over for Europe's top cargo airports as global gloom replaces growth

Europe's four prime cargo gateways are facing tougher times as the downturn in the global economy begins to bite into traffic throughput. These airports also have to overcome increasing capacity restraints on the ground.

Germany's Frankfurt Airport had a continuous growth run of four years, which kept it ahead of the pack. But Frankfurt says the rapid growth has slowed considerably and that it will become much tougher to maintain any growth of its cargo business.

This revelation could be self-evident with the traffic figures for 2007 revealing that Frankfurt retains its crown as the top European gateway, but only just. Last year, Frankfurt handled 2.17 million tonnes of air freight, a 1.9 percent growth rate. But coming up fast on the rails, Paris Charles De Gaulle International, achieved a 6.4 percent growth rate in 2007, for a total of 2.05 million tonnes.

by Robert Turney

CDG's two biggest cargo players, Air France Cargo and FedEx, which has its main European hub there, account for most of Paris's traffic spurt. Air freight at Paris has grown despite a strict night curfew at the airport.

Frankfurt remains curfew free — for the moment.

But the trade-off for a badly needed third runway, set to be operational by 2011, means Frankfurt will have to curtail nighttime freighter flights. Its biggest freight operator, Lufthansa Cargo, fought against the planned flight reductions, and has won some concessions.

Lufthansa and DHL's joint venture freighter operation, Leipzig-based Aerologic, could draw some traffic away from Frankfurt. But LH Cargo is conflicted. The operator wants to divert more traffic away from Frankfurt, while retaining its dominant presence at the main hub.

Concrete Plans

Airport operator Fraport believes Frankfurt can remain Europe's leading cargo gateway but knows that goal won't be achieved by just increasing runway capacity.

Other cargo-related infrastructure improvements are needed. That is why the airport is investing heavily in a new railhead that will directly feed into the airport's south side freight area.

Frankfurt remains ambitious. It's on track to increase cargo and mail traffic by 70 percent through to 2020, eventually producing annual throughputs of 3.16 million tonnes.

Amsterdam and London, the other two leading European gateways, might want to play a part in forestalling those ambitions. Amsterdam Airport Schiphol has worked hard in recent years to build its credentials as a top cargo hub. Schiphol claims to have achieved that goal with a total of 1.65 million tonnes of cargo handled in 2007, up 5.5 percent over the year before.

Schiphol makes no secret hat it has enjoyed poaching freighter business away from its European rivals. The airport made a point of targeting the major Asian carriers, to the extent that traffic to and from Asia currently represents 44 percent of its cargo business. Last year, Asia related traffic grew a further 8.4 percent. North American traffic, by comparison, accounts for 20 percent of Schiphol volume, and last year grew just 2.5 percent.

The Dutch Airport's success is not only because it has attracted several successful Asian cargo carriers. The airport spent time persuading the major logistic service providers to establish their main European distribution centers close to Schiphol, allowing them to develop prime handling facilities on-airport. The airport also established a strong cargo marketing team, which it is continuing to strengthen.

Gap Minded

Strong marketing is apparently lacking at London Heathrow, which languishes as Europe's fourth place cargo gateway.

At one time Heathrow threatened to eclipse Frankfurt, but not anymore. The London gateway disbanded any semblance of a cargo marketing team years ago and today treats cargo as an adjunct to its real estate business.

Cargo throughput at Heathrow last year topped just 1.39 million tonnes, although this reflected a 3.9 percent increase over the previous year. The BAA-operated London hub has had some success in diverting freighter traffic to its alternative gateway at the smaller London Stansted Airport, north of London.

British Airways World Cargo manages its 747 freighter operation at Stansted and FedEx also has a substantial presence there. Korea's Asiana Airlines is the only other freighter operator as yet to go for the Stansted option.

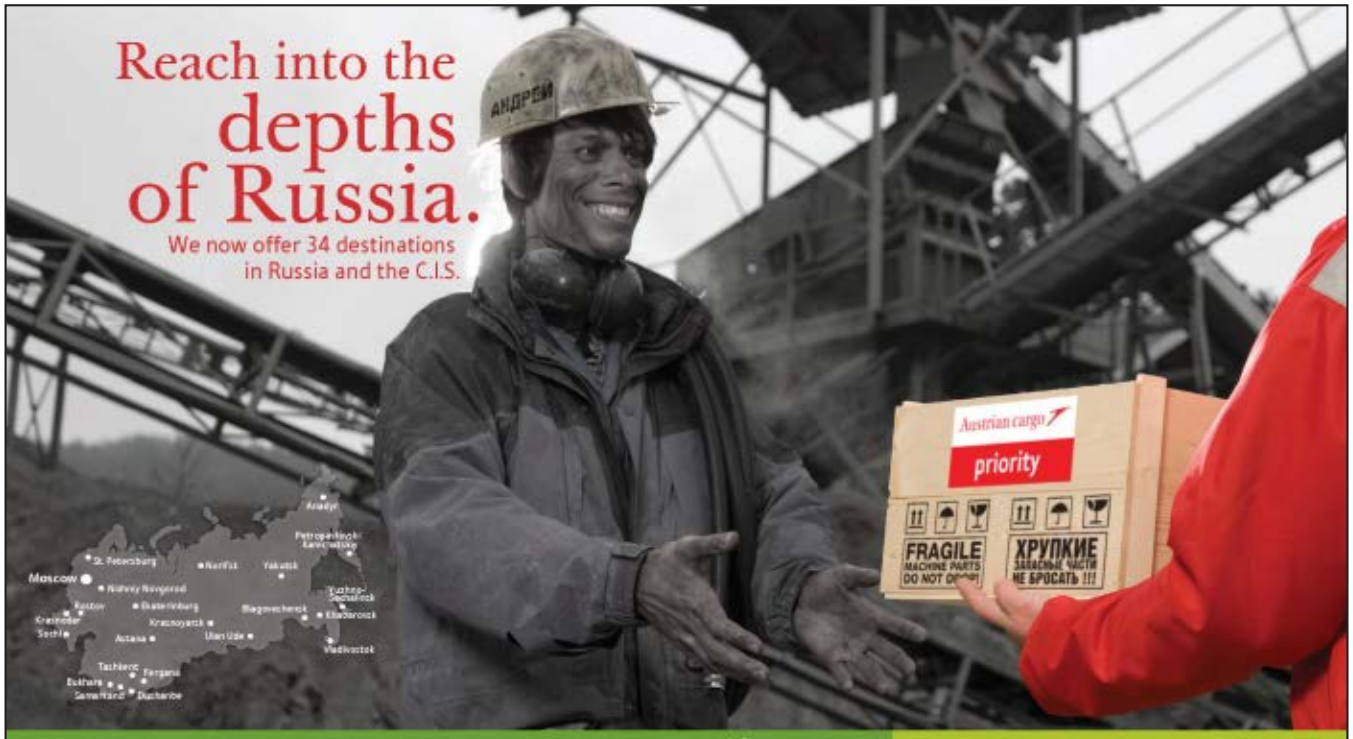
But rather than building the Stansted cargo business, tonnage actually fell away by nearly 10 percent to 206,602 tonnes in 2007, according to BAA. This was probably due mainly to BAWC's downsizing its freighter operations from four to three 747 freighters.

BAA said it also has difficulty countering a strong differential between high imports and low export volumes. A little more marketing effort might help.

... Briefly

Cargo traffic for European airlines grew at its sharpest rate in two years in February, expanding 7.2 percent over the same month a year ago on the strength of a 10 percent gain in trans-Atlantic trade, according to the **Association of European Airlines**. … **TNT's** express division is introducing a new packaging line designed to better protect shipments from damage. The company will first deploy its new parcels and satchels in Europe and the Middle East. … **AirBridge Cargo** chose **Lufthansa Systems'** Lido Take-off Performance Analysis technology to optimize flight operations at the freight airline. … Cargo traffic at **Munich Airport** grew 6.8 percent in the first three months of 2008 over last year's first quarter. … Brussels-based ground handler **Aviapartner**, in the midst of a expansion into various markets, said it's freight handling grew 48.6 percent in 2007 and that it handled 1.45 million tonnes of cargo. … **British Airways** switched its twice-daily 777 Houston flights to London Heathrow Airport from London Gatwick, giving cargo customers greater access to BA's larger network. … Freight airline **Cargo B** named **Euro GSA** its general sales agent at the Manchester and London Heathrow airports and named **AirlineCargoServices** its GSA in Dublin. … **DHL** is adding **Paris Vatry Airport** to its European air network with two daily flights using 757 and ATR-72 freighters linking the site 60 miles from Paris with destinations in Italy, Spain and the United Kingdom. ... **British Airways** and **DHL** added a second weekly 727 freighter between Bahrain and Lahore, Pakistan, as part of their joint cargo agreement. … Software company **Kale Consultants** will provide **Finnair Cargo** and mail revenue accounting service. … Logistics provider **Dachser** formed a joint venture with Russian company **Intellect Logistics** called OOO Dacher. … **Etihad Crystal Cargo** renewed its contract for the management of unit load devices with **Unitpool** of Switzerland. … **Czech Airlines Cargo** signed a contract to use **OAG Cargo's** Inforwarding announcements service to publish time

sensitive operational announcements to the portal's 25,000 registered freight forwarding users. … **Lufthansa** will begin flying to Mumbai this summer, with three weekly departures, and also will add five weekly departures to Singapore. … **El Al Israel Airlines** showed a $31.7 million net profit in 2007 compared to a $33.9 million loss the year before, and overall revenue grew 16 percent to $1.93 billion. … **Schiphol Real Estate** started construction on a **Panalpina** cargo building, a 107,000-square-foot facility due to open in the first half of 2009 near **Amsterdam Schiphol Airport**. … **Arkefly** and **First Choice Airways**, **Thomsonfly**, **Jetairfly** and **TUIFly Nordic** are the latest carriers within TUI Travel to sign up with supply and management pooling specialist **Unitpool**. … **Fraport Cargo Services** was awarded a police certification by the local German government for developing security procedures protecting cargo at **Frankfurt Airport**. … Ground handling services provider **Menzies Aviation**, as part of its expansion plans in Scandinavia, will acquire Novia Sverige, a wholly owned subsidiary of Novia Scandinavia. … **Etihad Crystal Cargo** struck an interline deal with Italian freighter airline **Cargoitalia** out of Milan Malpensa Airport. Etihad also named **Sky-Bridge Networks** its cargo general sales agent in Bulgaria and Romania. … **TNT Express** will use ORTEC's optimization software update TNT Express' global information networks. … **Panalpina** and **Centurion Air Cargo** introduced new connections to Latin America through Miami, with onward service to: Bogota, Medellin, Barranquilla in Colombia; Caracas, Lima; and Manaus, Brazil. … **AirBridge Cargo Airlines**, the scheduled cargo subsidiary of Volga-Dnepr Group, took delivery of its third 747-400 extended-range freighter from Boeing. … Ground handling provider **Swissport International** is adding new handling services in Vienna, Kiev, Paris and Athens. ■



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PACIFIC

Incheon Rising

Seoul's airport is facing a slowdown from its chief carrier and rising airports in China

Towards the end of last year Korean Air sent out some disturbing signs for its home base. The world's largest international air freight carrier that had been the most powerful growth engine for Seoul Incheon International Airport signaled that economic conditions called for a slowdown of its until now relentless expansion drive.

KAL Cargo president Ken Choi, who had led the operator to the top of the international cargo carrier hierarchy, left at the end of 2007, but KAL had been visibly slowing down before his departure. Declining yields in the face of rising fuel prices, directional imbalances, softening markets and a migration of traffic to ocean vessels caused a stronger emphasis on profitability of activities. Underperforming sectors were cut or combined with other stations.

by Ian Putzger

At the same time, KAL announced it would set up a joint venture handling company at Tianjin. The northern Chinese city is the home base of nascent KAL-Sinotrans joint venture cargo airline Grandstar, which was supposed to start operations in late 2007 but has yet to take off. According to some sources in China, the carrier recently filed for traffic rights to Brussels and Chicago.

China Factor

Another question mark for Incheon's growth momentum came from the rise of Chinese airports and their increasing international networks threatening the Korean gateway's status as a hub for Northeast Asia.

China figures strategically in Incheon's fortunes. Last year, transshipment traffic for the first time surpassed origin/destination cargo, and China accounted for a large chunk of that. In 2007 Incheon's cargo to and from China amounted to slightly over 624,000 tonnes, 24 percent of the airport's total throughput.

Jaehee Lee, chief executive and president of the Incheon International Airport Corp., acknowledged "capacity and airport developments in China have affected our role and strategy in some extent." But he says they have had little impact overall due to a number of factors in the Korean gateway's favor, including its location and connectivity, cargo infrastructure and the range of services available.

With 61 Asian cities, with populations over 1 million within a three-and-a-half-hour flying radius, Incheon can boast a vast route network, including 34 destinations in China, 24 in North America and 29 in Europe. By Lee's estimate, the net-

work could improve further through open skies agreements in the region.

Lee said he's bullish about the free trade agreement with the United States, which with 27.5 percent has the largest share of Incheon's tonnage among the airport's destination countries. Besides boosting imports and exports, the trade agreement should help reduce cargo-handling times, Lee said.

"We expect that this would have a positive impact on inviting companies to build a regional distribution center for Asia at Incheon," Lee said. "In short, we assume that Incheon-U.S. cargo volume would be increased by 10 percent due to the FTA."

An expansion of the airport's cargo area last year boosted its capacity from 2.7 million tonnes to 4.5 million tonnes. By 2035, Incheon hopes to be able to handle 10 million tonnes. To generate more traffic, Incheon has a 1.044-million-square-meter area for logistics and manufacturing activities adjacent to the airport, with Free Trade Zone designation for both. The master plan calls for the development of another 1.4 million square meters for the "Logis Park" by 2011.

Road Aid

Eager to maintain its reach to manufacturing areas in northern China, Incheon started road feeder service to Qingdao last August. According to the airport authority, this is four to six hours faster than the regular sea-air patterns and only two to four hours slower than shipping by air alone.

Incheon wants to expand this model. "Within this year we will further our RFS network to Yantai and Dalian," Lee said.

"Capacity and airport developments in China have affected our role and strategy in some extent."


Lee

Effective Jan. 1, the airport cut its landing fees by 10 percent and land rental fees by 21 percent. This should help sooth carriers' cost worries in times of high fuel prices. Last year, numerous passenger airlines, including Delta Air Lines, Qantas and Aeroflot, boosted their presence at the airport. On the cargo side, Great Wall Airlines, China Cargo Airlines and Nippon Cargo were among the new entrants.

Incheon clocked up 2.56 million tonnes of cargo last year, which was more than twice the volume recorded in 2001, the airport's inaugural year.

Lee is confident that the momentum will continue, pointing to Korean government projections of double-digit growth in exports and imports for 2008.

... Briefly

Cargo traffic for Asia-Pacific carriers expanded 2.4 percent in February on a 0.8 percent gain in capacity, according to the **Association of Asia-Pacific Airlines**. ... **Japan Airlines** international cargo traffic fell 2 percent in February, the sixth time in the last seven months the carrier's cargo business has declined. The cargo traffic was down 0.7 percent in the first 11 months of its 2008 fiscal year. ... **TNT Express** started freighter flights to Singapore, connecting the airport to Shanghai and Liege, Belgium. ... India's **Jet Airways** started daily 777-300 service between Mumbai and San Francisco. ... Developer **AMB Property** took a lease on a 318,000-square-foot facility at Tokyo Narita International Airport. ... **Hong Kong Air Cargo Terminals** tonnage grew 9.5 percent in March and was up 6.5 percent in the first quarter over the same quarter a year ago. HACTL also won India's **Jet Airways** as a new customer. ... **Thai Cargo** will use Global Logistics System and its Ezycargo portal as its e-booking platform. ... Supply Chain IT companies **TAKE Solutions** and **Four Soft** plan to merge. TAKE has strong market share in Asia and the United States, while Four Soft is strong in Europe and Japan. ... **All Nippon Airways** exercised options for two more 767-300 converted freighters. ...**Garuda Indonesia** ordered four 777-300 extended range aircraft valued at around $1 billion, and confirmed a previously unidentified order for seven 737-800s. Boeing said the carrier also converted 18 of its existing 737-700s on order to 737-800s and six 777-200 extended range aircraft to 777-300ERs. ... **Hong Kong Air Cargo Terminals** handled 171,299 tonnes of freight in February, 1.8 percent more than the same month a year ago. ... **AirAsia X**, the new long-haul low cost-carrier within the AirAsia Group, ordered 10 A330-300s, bringing to 25 the airline's total order for the aircraft. ... Australia's newest international airline, **V Australia**, will begin direct Los Angeles-Sydney flights mid-December. ■

The OAG Global 2008 Air Freight Forecast says growth will return

Delayed

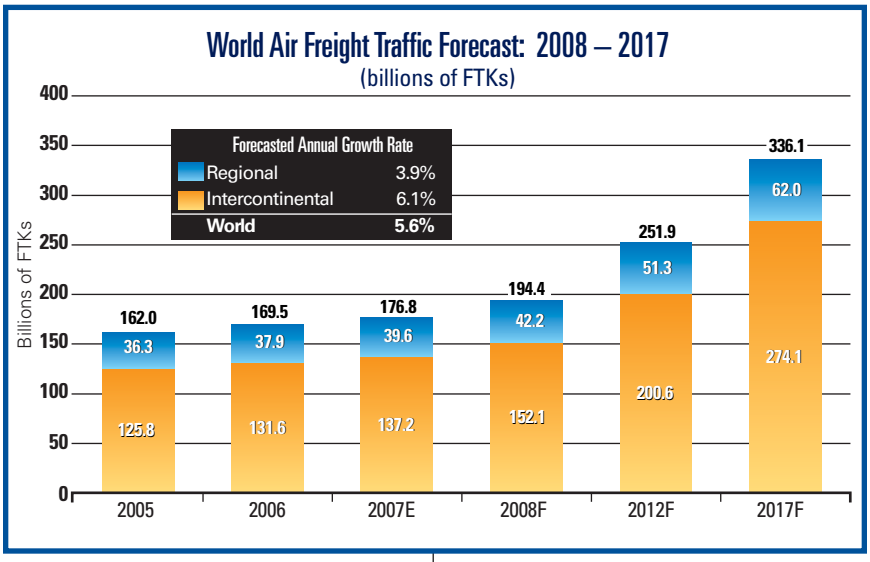
by **OAG Analytical Services**

The global air freight industry is wrestling with the same issues as the rest of aviation — a teetering global economy, increasing security regulations, skyrocketing fuel costs, changing currency exchange rates and environmental initiatives. The only good news, it seems, has been the liberalized air rights between China and European Union countries with the United States.

The 2008 OAG Global Air Freight forecast reflects these underlying trends, with a return to an average annual growth rate of 5.6 percent by 2011 after a slowdown in the near term. Over the long term, OAG sees these underlying trends creating a growing demand for freighter aircraft.

Ascent

The 2007-2017 Air Freight Forecast



The international air freight market is expected to continue to flourish, with average annual growth of 6.1 percent during the 10-year forecast period from 2008 to 2017. Security and green issues are expected to pull down demand for regional air freight trade to 3.9 percent average annual growth.

The Middle East has emerged as the fastest growing region, pushing China to No. 3 behind Africa in terms of growth rates. These emerging markets are posting impressive growth rates, but on a very small overall base level of air freight traffic.

Trade connecting to North America continues to dominate the global air freight and other markets are feeling the impact of the U.S. economic woes.

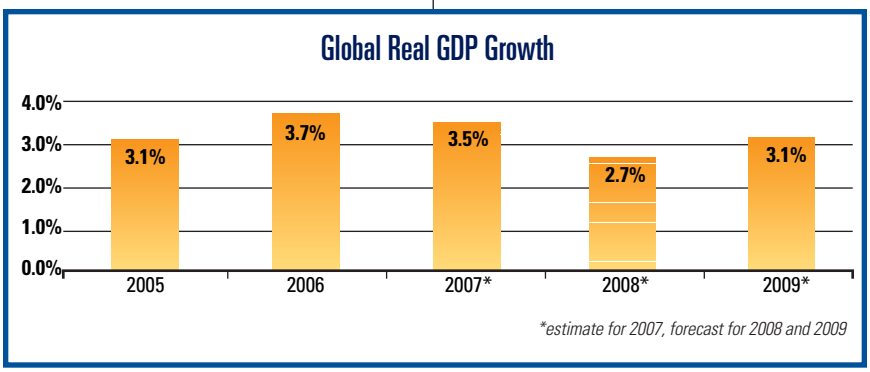
Slower Economy

Uncertainty is the No. 1 issue. The U.S. economy posted anemic 0.6 percent GDP growth in the fourth quarter of 2007. The diminishing role of the U.S. in the global economy is mitigating the impact on other world regions. Emerging economies, including China, Russia, and the Middle East are strong enough to continue to post impressive growth rates over the sluggish economies of the industrial countries (the U.S., EU and Japan).

Even the emerging markets are feeling the economic slowdown since the U.S. and EU are their primary customers; any drop in our imports directly impacts their exports.

China is forecast to grow by 10 percent in 2008 versus 11 percent in 2007, and India's real Gross Domestic Product is forecast to grow by 8.5 percent in 2008 versus almost 10 percent growth in 2007. Global GDP is forecast to slow to 2.7 percent growth in 2008 versus the 3.5 percent growth rate of 2007.

For the air freight industry, a weaker economy means companies will expand less, delay new investments and consumer spending drops off, resulting in fewer shipments overall.

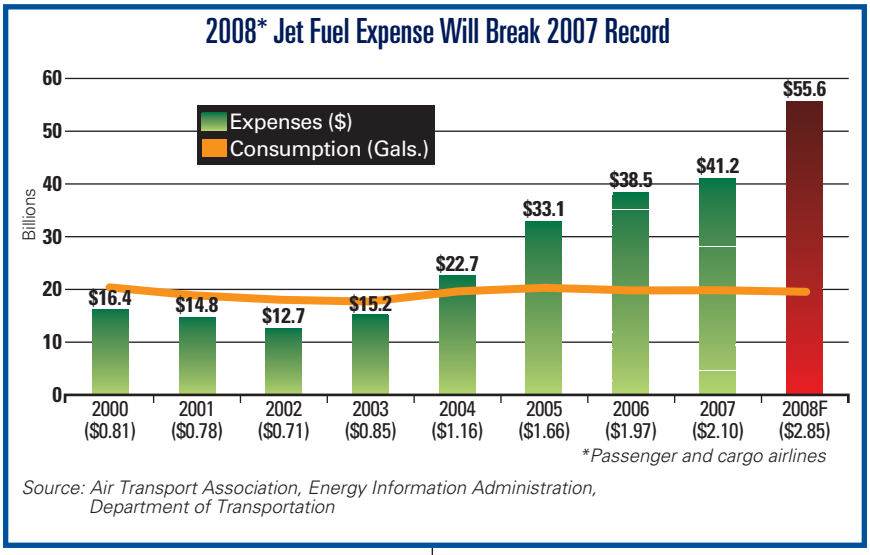


Security, Fuel

Security is of increasing importance and could lead to additional transit times and expenses. Requirements for pure freighters are less stringent than those for passenger-carrying aircraft, resulting in greater competition for business between all-cargo and belly operators.

The U.S. Congress requires 100 percent screening of all air freight carried by passenger airlines by 2010. Because of the costs associated with this mandate (screening equipment, facilities and labor) OAG expects a concentration of investment in gateway hubs with cargo essentially locked out in secondary cities. Carriers may concentrate more on major gateways than trying to develop new markets at secondary cities.

More intensive screening processes will result in higher costs, which will be passed on to shippers as well as longer cycle times to accommodate the screening process. Higher costs and longer transit times will intensify the ongoing mode shift to surface transportation, benefiting



Source: Air Transport Association, Energy Information Administration, Department of Transportation

trucking services on regional moves and even, as is increasingly reported, ocean container lines on international transport.

Traditional air freight shippers will show a distinct preference for freighter lift where security requirements are not as onerous as the requirements for passenger aircraft. This shift will generate some interesting market dynamics. All-cargo carriers will enjoy a seller's market and passenger carriers will need to offer discounts to fill empty belly space.

Despite impressive fuel efficiency gains, airlines are facing another massive increase in fuel expenses in 2008. With crude oil selling for more than $100 a barrel, air freight is being particularly hard hit. The older freighter aircraft fleet is significantly less fuel-efficient than newer aircraft. The cost of fuel is forcing the retirement of older aircraft and pushing the decision to purchase new freighter aircraft, fly more belly cargo or shift capacity to more fuel-efficient aircraft.

The high cost of fuel increases the cost differential between air versus surface operations and is putting more domestic freight on trucks and international freight on the sea.

Dollar Woes

The U.S. dollar has lost about 25 percent of its value over the last five years, according to the U.S. Federal Reserve's Trade Weighted Major Currency Dollar index.

The dollar lost nearly 10 percent against China's yuan in the past year and is at an all time low against the euro. The Canadian dollar is worth more than the U.S. dollar for the first time since the 1970s.

A decline in the value of the U.S. dollar is expected to result in a drop in imports and an increase in exports. OAG's sister company PIERS reports U.S. containerized ocean imports were down 0.5 percent in the early part of this year while U.S. exports were up 17 percent.

The weak dollar has stimulated increased investment in U.S.-based manufacturing by multinational companies. Volkswagen, for example, announced plans to open a U.S. assembly plant and is scouting locations in the Carolinas and Georgia. Many of the components will be transported as air freight as opposed to finished products, which travel by ocean.

A continued downward trend for the U.S. dollar is ominous not only for air freight, but the overall U.S. economy. While it helps reduce the trade deficit by making U.S. exports cheaper relative to foreign domestic products, the falling dollar makes all imports into the U.S. more expensive, dampening the U.S. consumption of imports.

Our outlook for the U.S. dollar is to stabilize by mid-2008 and begin to recover in 2009.

Green and Open Skies

All levels of the supply chain are coming under increased pressure to reduce their carbon footprint, including air freight.

The focus of green initiatives in both the EU and the U.S. has been on reducing fuel consumption. Reducing fuel burn reduces operating costs for airlines, but increasing environmental surcharges on aviation fuel will likely negate the cost reductions.

The move to a more liberal air rights environment is expected to act as a counter-weight to the negative load of fuel and a stalled economy. The March 2008 Open Skies agreement between the U.S. and the EU permits any U.S. carrier to serve any point in the EU and vice versa. Additional access to London Heathrow Airport has opened new markets and produced joint operations, such as the new Air France/Delta Air Lines nonstop flight from Heathrow to Los Angeles International.

China continues to open its markets in stages as it authorizes additional services each year. Additional capacity in Chinese markets underlies the aggressive growth rates in the forecast.

Carrier Group/Issues	Global Express	Pure Freighter	Passenger/ Freighter	Pure Passenger
Security regulations	●	●	●	●
Oil/fuel prices	●	●	●	●
Global economy	●	●	●	●
Currency values/ Devaluation of the $	●	●	●	●
Air Rights Agreements	●	●	●	●

Pain is Not Equal

Global express carriers are package-centric and fly air freight to the extent it fills space on aircraft, but air freight is not their core product.

Since they provide a unique service, they're likely to be affected the least by the negative factors and benefit more from liberalization of markets. These carriers operate hub-and-spoke systems in locations that welcome the overnight sorting operations. Increasing security regulations have a lesser impact on these carriers since they operate freighter aircraft. Fuel prices are the most significant negative factor.

General cargo freighter operators target a customer base that is primarily freight forwarders. These carriers tend to operate in more point-to-point markets. Increasing security regulations actually improves the competitive position of these carriers since they don't carry passengers and often are not operating at passenger-dominated hubs.

Their older fleets are especially hard hit by skyrocketing fuel prices. The change in the balance of trade with the U.S. impacts their business as the U.S. dollar plummets, but they benefit from liberalization as air freight operating rights are liberalized worldwide, especially in the Chinese market.

Combination passenger/freighter airlines operate both passenger and freighter aircraft and the market leaders include Cathay Pacific, Emirates, Lufthansa, Northwest Airlines and KLM Royal Dutch Airlines and Air France.

These carriers are hardest hit by new security regulations, fuel prices, and the economy, pushing many of the passenger carrying carriers out of the air freight market. Passenger carriers have the opportunity to enter new air freight markets as liberalized air rights allow them to expand their passenger networks.

Top Air Freight Markets

North America remains the top market for air freight both in terms of the domestic and the international market, accounting for 53 percent of global freight tonne kilometers. A small change in the North American market represents a large absolute number of FTKs.

Top Trade Lanes	2007E
World FTKs	**176.8**
1 . .Intra – NA	25.1
2 . .Asia – NA	24.9
3 . .Europe – NA	17.3
4 . .NA – Asia	16.8
5 . .NA – Europe	13.1
6 . .Asia – Europe	11.3
7 . .Europe – Asia	10.1
8 . .China – NA	8.7
9 . .China – Europe	5.5
10 . .LA – NA	5.3

The top 10 trade lanes represent almost 80 percent of all air freight traffic.

OAG forecasts an average annual growth rate of 5.6 percent for global FTKs over the next decade, with the recovery beginning in 2009 and then accelerating later in the decade.

The fastest growing regions are the Middle East and Africa, representing a shift from the past decade, when growth was largely built on China's exports.

China has dropped to third in terms of average annual growth rate because of rapid growth of the Middle East and Africa, as well as the slowdown in China's trade with North America. Japan's stagnant economy pulls down the growth rate for the rest of Asia. Europe's growth rate is 5.5 percent, driven by various countries, particularly Russia. Latin America's growth rate is comparable to Europe and is driven by the growth in the Argentinean, Mexican and Brazilian economies.

Expansion will slow in mature markets, and by 2017, China will face significant infrastructure issues in the Western part of the country, dampening domestic growth.

The fastest growing economies in the world are Russia, Africa, the Middle East and India. While these markets are very small in terms of total volume for air freight, air freight is in the infant stages. Foreign direct investment and other funds are finding opportunities to earn a solid return compared to other global investment opportunities.

Africa and the Middle East are heavily dependent on foreign di-

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rect investment from Europe and oil rich countries, which cater to the oil and gas industries. The United Arab Emirates and other Persian Gulf-region countries are seeing a dramatic spike in tourism construction, which has fueled air freight imports.

OAG anticipates a strong demand for replacement aircraft to replace aging equipment in Africa and parts of the Middle East, with the exception of Etihad Airways and Emirates, which have orders for 21 new freighters.

OAG's forecast for these countries is an educated guess with more art than science when compared to markets such as North America, Europe and Asia, where so much more data is available to interpret and forecast.

World Freighter Forecast

The current freighter fleet worldwide includes 1,879 aircraft of which half are widebodies.

The OAG fleet database counts orders for an additional 286 freighters (77 A330s and a total of 209 767s, 777s and 747s. OAG forecasts the fleet will grow by an average of almost 3 percent per year over the next decade to meet projected demand, which equates to an additional 700 freighters. Taking into account retirements from the current fleet, the additions to the fleet will be one-third (414) new freighters and two-thirds (880) conversions from passenger aircraft.

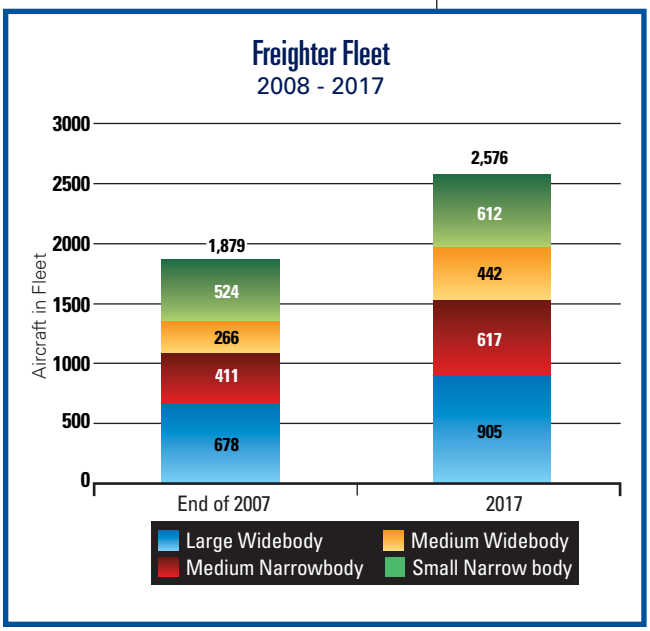
OAG forecasts 588 aircraft will retire from the current fleet.

Key aircraft ripe for conversion to freighter, particularly the 777, 757 and 767, continue to operate in passenger service because airlines cannot afford to replace them. This results in a shortage of available aircraft for freighter conversion programs. Over the next decade, as the next generation aircraft enter the market, the global passenger fleet will begin to shed these older airliners.

REGIONAL OUTLOOK

The top trade lanes for air freight are Intra-North America, North America-China, North America-Asia (excluding China), Intra-Asia, North America-Europe, North America-Latin America, Intra-Europe, Europe-China, Europe -Asia (excluding China), Europe- Africa, and Europe-Middle East.

Here is how we see those markets growing in the next few years.



Intra-North America

The intra-North America market has been slowed over the past few years as security and fuel costs have virtually made air freight uneconomical.

The market continues to struggle against expanding overnight and expedited trucking networks as companies relentlessly reduce the cost of their domestic supply chains without sacrificing significant transit time.

Shippers have difficulty finding capacity since the only widebody freighters are operated by the global express carriers and passenger airlines keep downsizing to regional jets.

Overall capacity will be constrained, but niche markets such as medical supplies, banking documents and courier services, requiring same day transit, will remain a high-yield source of traffic. Air freight is forecast to grow annually by an average of 1.4 percent in the North American market by selectively selling commodities that require air freight selection over ground transport.

Canada does not face the same issues. The Canadian economy is much stronger than the U.S. economy this year, but the overall volume of air freight is dwarfed by the U.S.

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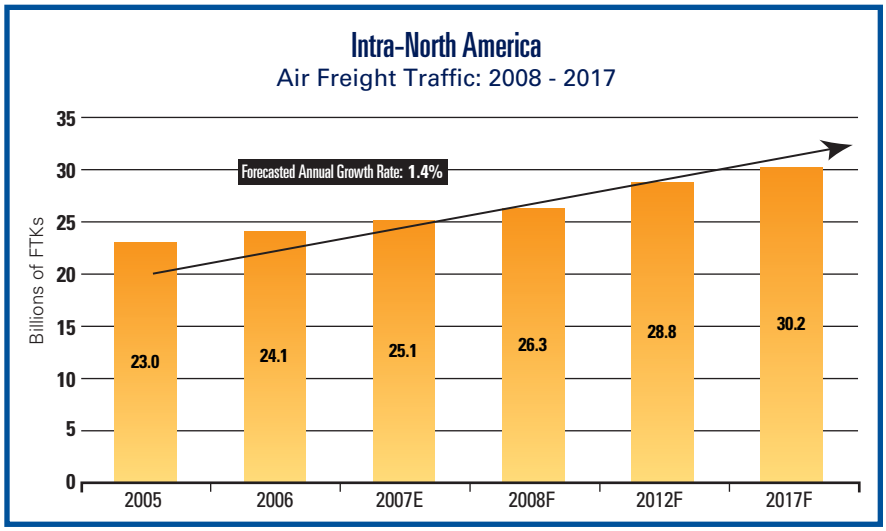
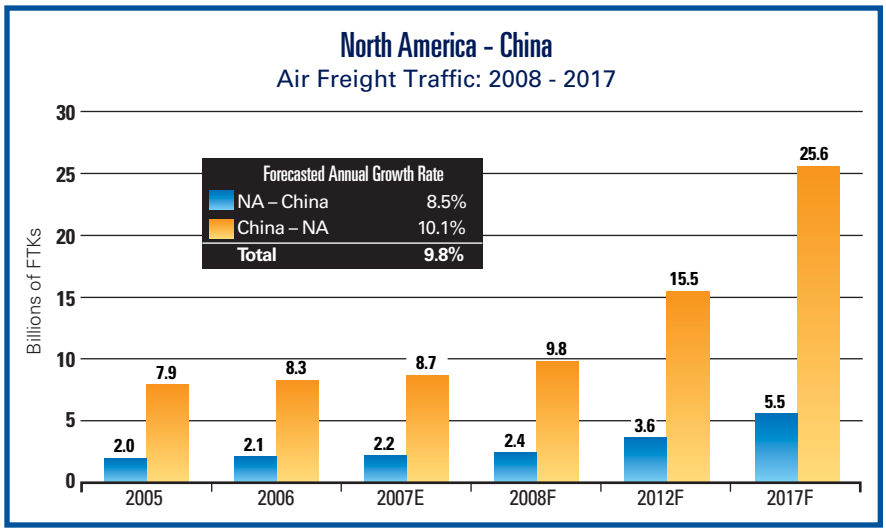
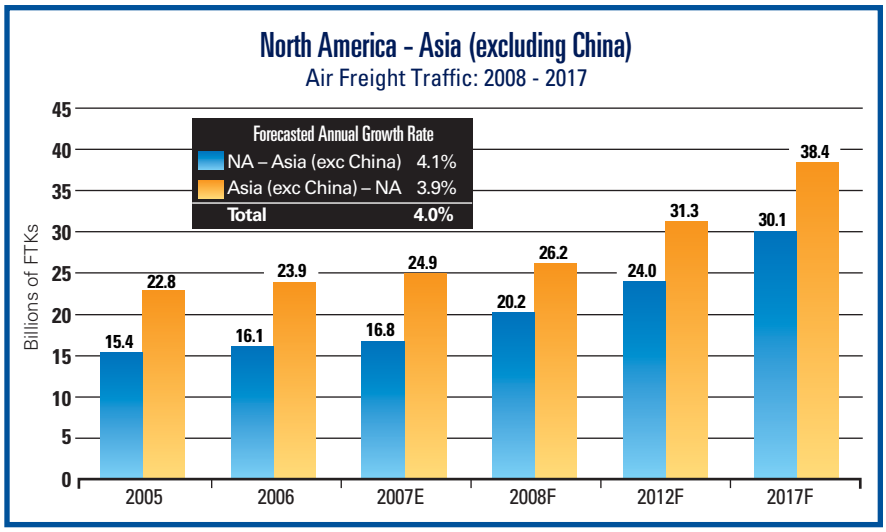






North America-China

Although no longer the fastest growing trade lane, the North America China market remains the largest global market for air freight. Despite these impressive statistics, air rights between the U.S. and China to provide air freight services did not open up until 2001. Air freight represents only 1 percent of all trade between the two regions in terms of weight, an indication of room for growth.

As more capacity is added to the market, demand can be expected to respond.

Air transport has a major advantage of getting the goods to the source, such as interior markets that cannot be served by water. New ventures between air and ocean companies have been forged to take advantage of the emerging markets. For example, China Cargo Airlines, a joint venture between China Eastern Airlines and China Ocean Shipping Company, recently announced leases for six 777 freighters from GE Commercial Aviation Services, bringing the freighter fleet to 17.

U.S. exports to China are benefiting from the erosion of the U.S. dollar as U.S. exports are more affordable to the growing Chinese middle class. U.S. imports have been impacted due to the weak U.S. economy, devaluation of the dollar and recent scares related to the quality of Chinese goods.

OAG forecasts an eastbound growth rate of 10.1 percent and a westbound growth rate of 8.5 percent, for an overall market growth for the next decade of 9.8 percent per year.

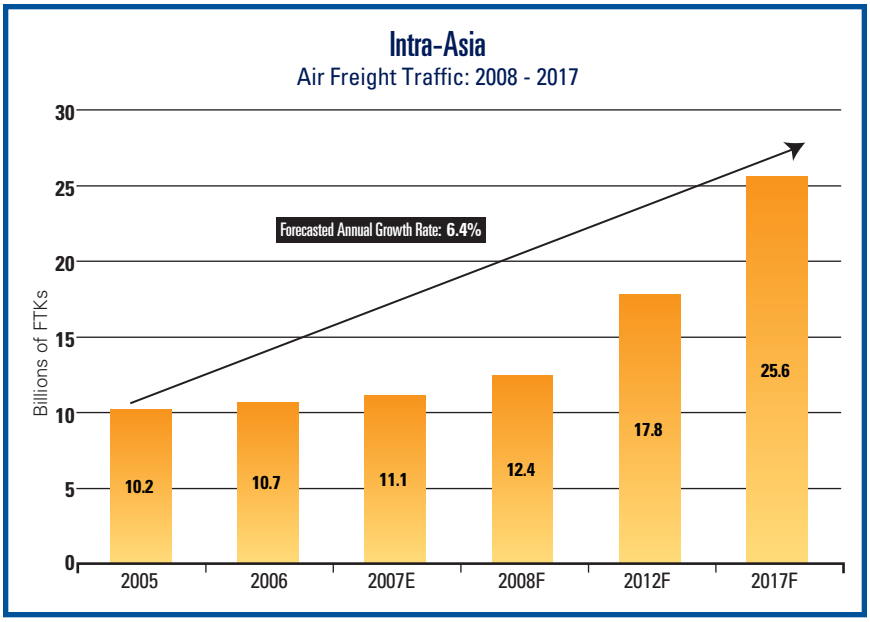
North America-Asia (Excluding China)

Japan remains the largest econo-

my in Asia (excluding China) but continues to produce disappointing economic results. Emerging markets, such as India and Vietnam are driving growth in the region, but not enough to overcome the negative impacts of the stagnant Japanese market.

The devalued U.S. dollar exacerbates the trade imbalance, as exports from the U.S. are more affordable versus Asian domestic goods in countries such as Korea, Japan, Taiwan, and Singapore.

OAG maintains the same growth rates for this year as last in the North America-Asia market, 4 percent annually over the next decade, excluding China, and finds the bal-

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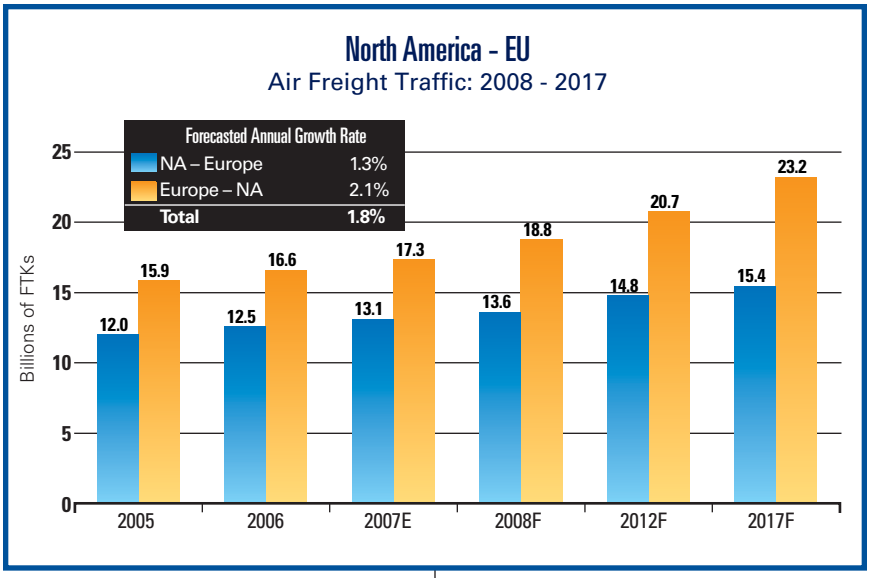


ance to be almost equal between eastbound and westbound traffic.

Intra-Asia

Expansion of Chinese consumer consumption capabilities with the emerging middle class, coupled by growing Intra-Asia trade with China, will fuel the Intra-Asian market.

Raw materials and intermediate goods flow into China with new manufacturing countries experiencing continued growth on smaller bases as global companies continue to seek lower costs, economies of scale, and more efficient ways to build a global supply chain.

OAG is forecasting strong trade within Asia at an average annual growth rate of 7.5 percent.

North America-Europe

Exchange rates impact the directionality of North Atlantic air freight. Fueled by the strong euro and the British pound, European consumers are demanding more U.S. goods.

The new open skies agreement between the U.S. and the EU will add capacity to the market.

OAG forecasts a modest increase in this trade lane over the next decade with an average annual growth rate of 1.3 percent eastbound and 2.1 percent westbound for an overall annual growth rate of 1.8 percent.

North America-Latin America

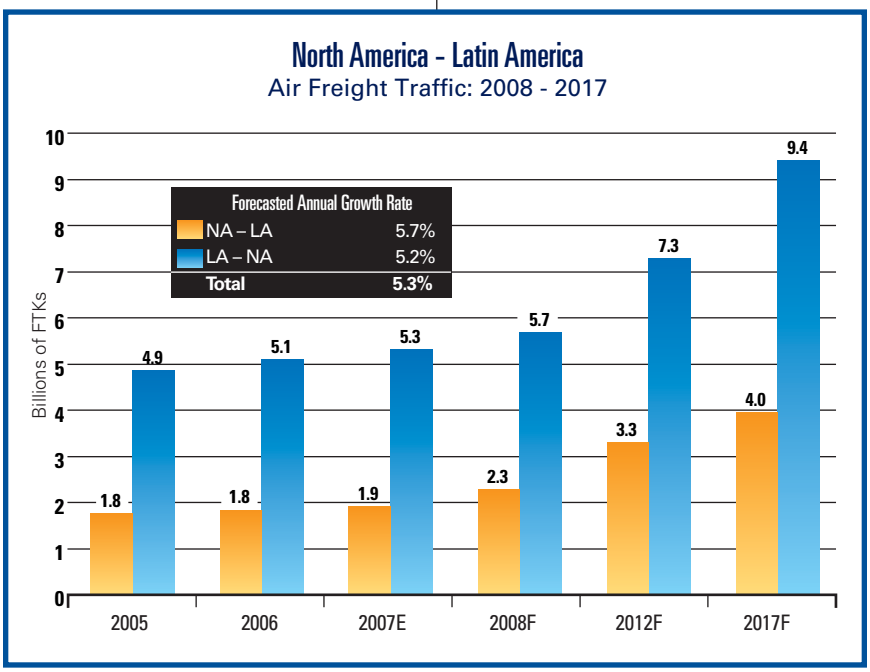
The Latin American economies led by Argentina, Brazil and Mexico are beginning to exhibit sustainable growth.

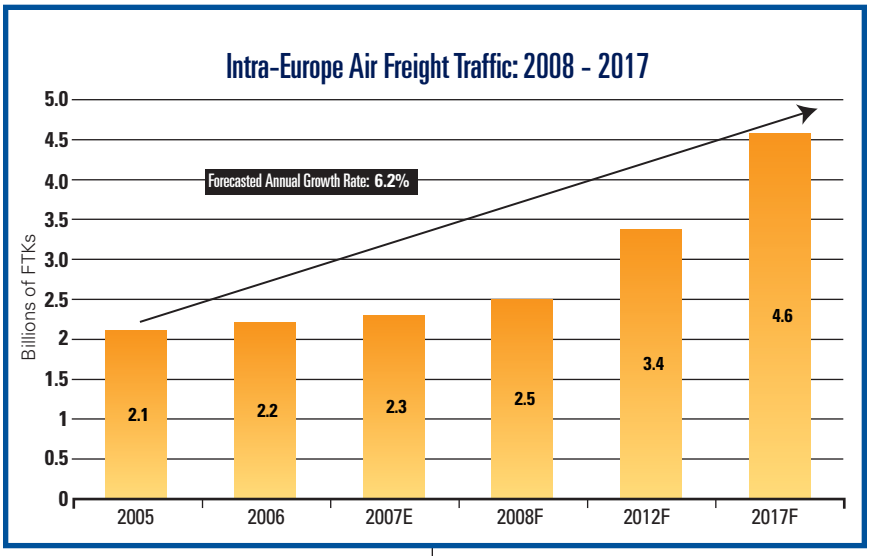
Despite a short-term slowdown, growth between bordering economies will maintain at a steady pace through the next ten years as Latin American countries continue to benefit from rebounding economies, strong perishable exports and high-tech imports, and intermediate goods traded as multi-national stage production facilities in Latin America.

OAG forecasts a healthy increase in this trade lane over the next decade with an average annual growth rate of 5.7 southbound and 5.2 percent northbound for an overall annual growth rate of 5.3 percent.

Intra-Europe

The European air freight market consists primarily of time-definite





and oversized goods shipments because Intra-Europe has a sophisticated trucking network that offers competitive pricing and transit times.

Over 8,000 weekly air-truck frequencies connect to almost 900 city pairs throughout Europe.

OAG predicts an average annual growth rate of 6.2 percent, driven by emerging European economies, especially Russia.

Europe-China

An interesting driver of this market will be the strength of the Chinese yuan related to the British pound and the euro and the overall trade freedom of the government as China continues to evolve its World Trade Organization status.

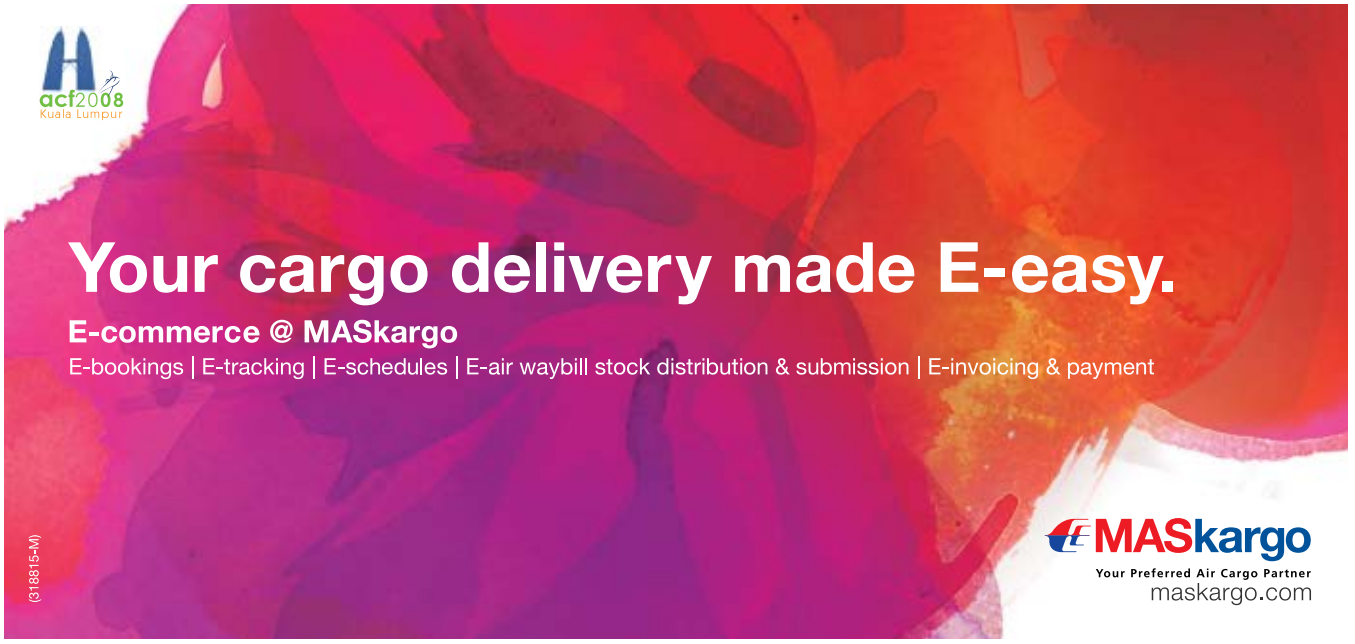
The euro and pound are expected to maintain strong to support continued growth in imports. Russia and other emerging countries have the potential to grow into both an import consumer and export producer for air freight, and as a trader with China.

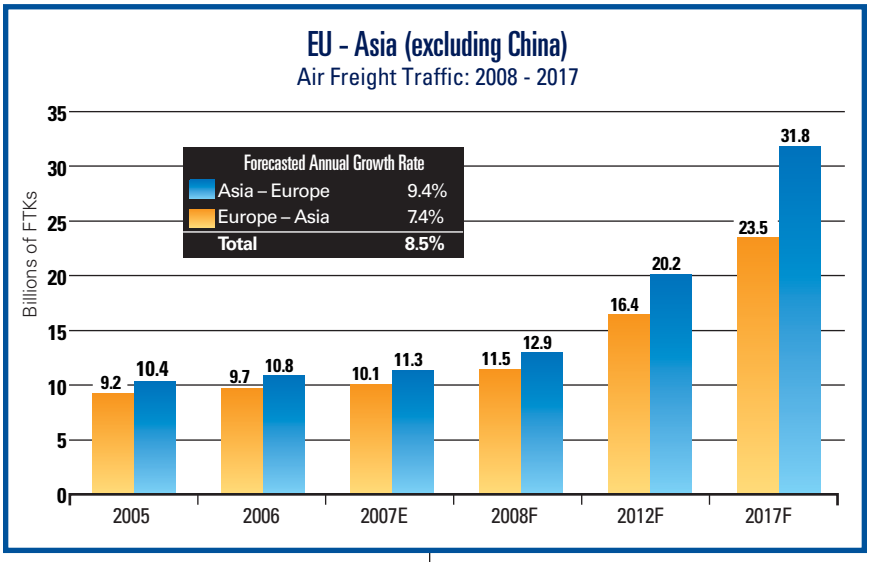
OAG forecasts continued strong growth in this trade lane over the next decade with an average annual growth rate of 9.4 percent from China to Europe and 9.0 percent between Europe and China, for an overall annual growth rate of 9.3 percent.

Europe -Asia (excluding China)

While Japan's investment in Europe has bolstered overall trade, many of the traditional Asian countries are finding economic growth difficult as their economies mature, industries shift to lower production, and domestic economic issues stymie ability to maintain high GDP growth displayed by China.

Unless production shifts completely out of Asia, which we think





is extremely unlikely over the next decade, into lower production areas, this trade lane will continue to be a vital part of the air freight global network.

OAG forecasts strong growth in this trade lane over the next decade with an average annual growth rate of 9.4 percent from Asia to Europe and 7.4 percent between Europe and Asia, for an overall annual growth rate of 8.5 percent.

Europe-Middle East

Europe is the primary trading partner for the Middle East. Countries in the Middle East are experiencing rapid economic growth with significant FDI, especially the Gulf Cooperation Council countries, which includes the United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait.

The airlines in the Middle East are rapidly adding capacity, especially air freight friendly widebodies, to support the growing demand.

While the ongoing war(s) in the Middle East, as well as the continuing political turmoil, offers some uncertain risk in the forecast, the long-term growth of this market is aggressive, and based on the rising economies in the region.

OAG forecasts strong growth in this trade lane over the next decade with an average annual growth rate of 7.3 percent from Europe to the Middle East and 9.2 percent between the Middle East and Europe, for an overall annual growth rate of 7.8 percent.

Europe-Africa

Air freight between Europe and Africa is posting impressive growth rates, but a very small overall base of FTKs.

Good growth in air freight between Europe and Africa is simply a function of a few economies building expertise in specific air freight commodity categories coupled by the strong currencies and consumption rates of Europe. OAG forecasts an average annual growth rate of 7 percent from Europe to the Africa and a whopping 13.2 percent between the Africa and Europe, for an overall annual growth rate of 8.4 percent.

Summary

The economic climate in U.S. and the top global air freight markets over the next five years are facing uncertainty. The rising cost of operations will force the industry to make tough decisions that will impact air freight capacity on the global level.

As a result, FTK's may grow slower

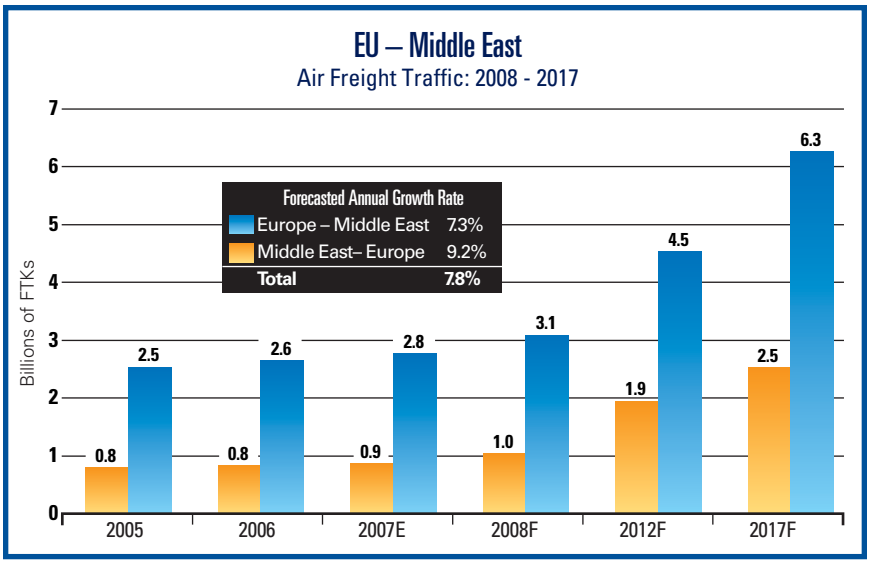
than forecast if the U.S. recession materializes or exceeds forecasted levels. Meaning, FTKs may not return to the recent growth trajectory until after 2011-2012.

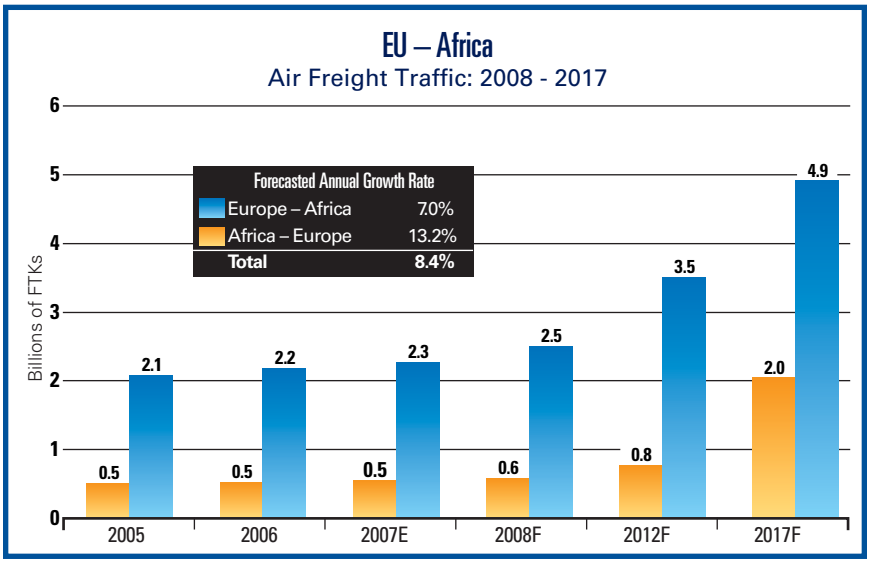
As the U.S. economy rebounds, long-term prospects remain positive. Overall global economic expansion coupled with developing countries becoming sources of both manufacturing capacity as well as consumer wealth, and the implementation of efficiency measures by companies will help to make air freight an important component of the global supply chain.

Overall, the OAG 2008-2017 forecast is aggressive. High single-digit to low double-digit growth is forecast as globalization continues, China matures and businesses explore better ways to manufacturer products.

Air freight will continue to grow as businesses exploit economies of scale and cost rationalization in their supply chains, while also seeking to expand their consumer base.

For more information, contact OAG Analytical Services at www.oag.com or call 202-355-1166.





Shipping's Move Feast

In order to dine upon day-old Copper River salmon in a trendy New York City bistro or freshly farmed shrimp in the comfort of a Manhattan, Kan., household, air cargo shipping is necessary to ensure quality of fish and shellfish.

The demand for high-quality fresh fish such as salmon and tuna is growing, and air freight operators are both feeding the trend and helping fuel the expansion. According to the National Fisheries Institute, Americans eat 16.5 pounds of seafood annually per capita, 74 percent of which is of the fresh and frozen variety. To meet the demand, airlines including Alaska Airlines and Icelandair Cargo have made special arrangements to accommodate this popular perishable product group.

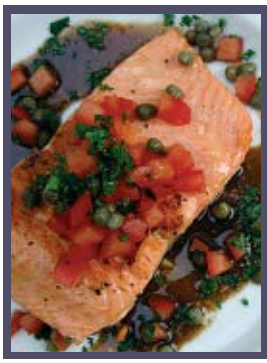
Alaska plays a significant role in transporting fresh Alaska seafood, flying more than 26 million pounds of it to the lower 48 states and beyond each year.

"When you talk about Copper River salmon and the very high demand products, you can pick about any location in the world where there are high-end restaurants and you will have it a day after it is caught in Cordova," said Alaska Airlines Managing Director of Cargo Matt Yerbic.

able

For seafood carriers, air shipping can provide plenty of muscle when it's done right

by Nicole Nelson



The demand for high-quality fresh fish such as salmon and tuna is growing, and air freight operators are both feeding the trend and helping fuel the expansion.

He said 90 to 95 percent of seafood shipped by the airline is out of Alaska. "We actually play an interesting role there because we ship the majority of this product on our planes. We could have fish caught at 8 p.m. that could be eaten for lunch the next day in Boston or New York," Yerbic said.

Alaska's seafood volume fluctuates greatly daily dependent upon season and demand.

"In the seafood world today, the seasons have really been protracted," Yerbic said, attributing lengthened harvests to great strides made in fishery management. "Where our opener times historically have been within a few weeks, followed by little to no volume, we now have a season that starts for us in January with cod from Kodiak, then halibut from Southeast Alaska in March," he said. "The big pressure comes in May with the Copper River salmon kicking off the summer season that is pretty consistent through the end of September."

On May 15, 2007 Alaska delivered 160,000 pounds of the coveted Copper River salmon on eight flights from Cordova, Alaska, to Seattle.

Much of the fish was flown on to cities across the country using Alaska's system that ensures the fish remain in a high-quality state when delivered.

Alaska has an area in its cargo control center specifically tasked with managing seafood bookings as part of a $3 million cargo shipment-management and accounting system introduced last year.

Using a centralized database, the system provides detailed cargo tracking information, automates customer billing and allows customers to make flight-specific cargo reservations.

"We are a little unusual among carriers in that we require all of our customers to book their seafood in advance because we want to ensure that we will be able to move it exactly when we say we're going to," Yerbic said.

In addition to substantial investments in facilities across the network, including large cooling and freezing facilities at its Seattle hub, Alaska has made sound investments in aircraft that allow the airline to carry perishables. As part of an initiative to improve service to cargo customers, the airline retrofitted six 737-400 cargo aircraft — one freighter and five combis — to replace the carrier's 737-200 cargo fleet.

While Alaska carries differing amounts of seafood in every airplane in the airline's lineup of 114 aircraft, those specifically modified to carry extra amounts of cargo have been a source of commemoration.

"We are the only carrier in the world that flies both the 737-400 freighter and the 737-400 combi aircraft," Yerbic said. "To celebrate that fact, we have an airplane, the 'Salmon-Thirty-Salmon,' a 737-400 passenger aircraft painted with a 120-foot-long image of an Alaska king salmon. It signifies how critical this product is not only to the State, but also to the customer."

Alaska has invested roughly $100 million in its air cargo initiative, of which most is for the airplanes, as well as several million dollars in new systems to support the aircraft and help manage the product as it goes through our network.

"We have the technology that most carriers would love to have related to scanning and real-time tracking online – the types of advancements that our customers really need, particularly in this state where the shippers need to know where their perishables are and what is happening with it," Yerbic said.

Seafood is an important commodity for both the airline and the communities it serves in Alaska. Of 20 locations served, only two have roads that lead to them.

"We may, in cases, provide the only service in and out of those locations with big airplanes," Yerbic said. "Because of that fact, we have a special obligation to make sure we are a good member of the community and are willing to invest in airplanes that can serve them.

"In this case, the 737-400 combi allows those communities to get more capacity, which allows them to fish more, which makes their economies grow. We take it seriously and it is a big bit of our business."

Seafood is also very healthy for Icelandair Cargo.

The commodity comprises 95 percent of the country's exports. While the falling value of the U.S. dollar has slackened seafood movements from 2,000 tons per month in 2006 to 1,750 tons of in 2007, the airline continues to move 80 tons of cod, haddock and other locally fished seafood out of Reykjavik on a daily

basis. Most of the product arrives at New York's John F. Kennedy International Airport by freighter or in Boston via daily passenger flight for further distribution by North Coast Seafood and Aquanor.

Icelandair Cargo Director of Sales and Marketing Róbert Tómasson said the airline has seen a nearly 40 percent decline of exports to the United States in the past year, counterbalanced by growth in exports to the United Kingdom and consistent demand in mainland Europe.

"We have five 757 freighters and our warehouse facility here in Iceland – a huge warehouse with nothing but coolers in there," Tómasson said. "We're very much into the perishable freight movements with nine cooler rooms filled with unit load devices that can hold approximately 50 tons to 60 tons at any given time at a controlled temperature."

The fish within tend to come from small fishing boats dispatched from all over Iceland.

"The boats go out in the morning and come back in the afternoons," Tómasson said. "In the areas that are close to the airport, they will actually get fish flown out for the following day."

The fish from small boats is not frozen, but kept chilled onboard the vessels to keep the temperature around zero until they start filleting the fish at area processing plants. There, the shippers package the fish to Icelandair Cargo's specifications — styrofoam boxes chilled with gel mats at a temperature between 0 and 4 degrees Celsius — and drive the goods to the Reykjavik airport to transfer into the cooler there.

"That is a receiving requirement and then it is our job to maintain that temperature," said Tómasson. "The styrofoam boxes are set for 24-hour transport. So once the consignee or the buyer get the fish, it is usually within six hours to 12 hours that they get the fish, so the temperature should be the same as when it was packed in the plant here in Iceland.

"The buyer, the seller and the producer are all trying to maintain this temperature all the way through. If the temperature goes up, it is not going to be good fish."

Tómasson said the carrier moves mostly filleted, or value-added fish. "If you're moving the whole fish, you are moving a lot of bones and fish parts that will be thrown away, and you are paying by the pound," Tómasson said. Rates vary, he said, but a rate for a 1,000-pound shipment going from Iceland to Boston averages $1.90 per kilo.

Tómasson said Iceland-fished haddock is heavily consumed on the Northeastern coast from Maine all the way down to New Jersey, and also has followings in California and demand in Washington state. To deliver the goods to locations that can't be reached via truck, Icelandair Cargo uses an interline agreement with Northwest Airlines to fly the fish into Northwest's Minneapolis hub and on to further destinations, such Seattle and San Francisco.

While 95 percent of cargo from Iceland to the U.S. is seafood, only 10 percent of cargo from the U.S. to Iceland reflects an equal product. However, Icelandair Cargo has a strategy to expand on these North American numbers with plans to move into Canada, with Toronto and Halifax service starting in February. Live lobster from Eastern Canada will be flown the reverse route into the European market.

Tómasson hopes the new Canada to Europe routes will mirror the full bellies found on U.S. to Europe routes over the holidays. "At this time of year, we are fighting for space. We are moving a lot of lobster these days to Scandinavia," he said. ■

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Financing Freighters

by Stephen Rimmer
Guggenheim Partners

To address freighter aircraft financing accurately, it is necessary to look at the broader aircraft financing market and focus on the issues affecting the freight sector particularly.

Before addressing present and future markets and the changing opportunities for the world's freighter fleet, I believe it's important to understand the fundamentals of aircraft financing as well as the specifics.

Aircraft financing comes in many forms — debt through public or private banks; finance lease; tax lease; and operating lease.

Debt, finance leases and tax leases were the preferred methods of financing aircraft in the past, and focused heavily on the creditworthiness of the borrower, primarily the airline. Many airlines were able to access money on both a secured and unsecured basis, relying on the strength of their balance sheets. The use of tax and finance leases was also centered on new aircraft with used equipment considered less attractive to the finance community. Those unable to access, or for fleet planning reasons, did not want to take on the full recourse fundamentals of these structures and liquidity sources were able to fund fleet expansion or replacement through operating leases. Operating leases focus fundamentally on the asset value rather than solely on the creditworthiness of the airline/operator.

In the 1980's, 10 percent of the world's fleet was financed by operating leases and grew to 20 percent in the 1990's.

Today, more than 25 percent of the world's fleet is financed through operating leases and that share is expected to increase to 50 percent in the not too distant future. This points to a very significant shift in the funding base away from the creditworthiness of the airline/operator towards asset-based funding.

We would argue that in today's market it is, and will be, the quality and attractiveness of the asset that will be the fundamental driver of financing aircraft acquisitions.

The question, then, is what does that mean for financing freighters?

If we consider the history of the air freight market, we see a sector that once consisted of smaller airlines and operators of older aircraft. This scenario made financing aircraft challenging. The liquidity from the aircraft financing market targeted newer equipment for more established, larger and creditworthy carriers. Hence, the freighter market struggled to find financing from this traditional debt, tax and finance lease liquidity sources.

The flip side was that the aircraft employed in the freight sector cost less because they were older. So airlines were able to — and in most instances had to — finance their equipment acquisitions from cash flow.

There was limited use of complex, highly structured tax enhanced and highly leveraged financing mechanisms in the freighter sector. Because of the older age of the equipment, and the uncertainty about residual asset values, the availability of asset-based funding or operating leases was very limited.

Today we see some very different forces coming together in the air freight industry, which has prompted financing alternatives of freighters.

The onset of the just-in-time supply chain brought with it high demand for reliability, efficiency (in terms of fuel and maintenance) and regulatory compliance for the aircraft used in air freight. The demands resulted in newer technology and aircraft of greater efficiency being deployed in the market. This development, along with the increased focus on the air freight sector by major airlines and integrators with strong balance sheets, opened the door for more financiers to consider financing freighter aircraft.

When considering the financing of new freighter aircraft (747-8, 777-200 extended-range and the A330-200) for top tier operators, we're seeing more "traditional" methods being employed, with debt a large component of the total requirement.

Operating leases reflecting the trends in the passenger market are financing a greater proportion of airlines' fleets. We anticipate the trend to continue. We're also seeing more financiers move towards financing new freighter aircraft because these assets have a longer life and therefore greater long-term protection against the cyclical aircraft market.

Financing new aircraft, however, involves dealing with the manufacturers' requirements for significant progress payments made before delivery.

In most instances, this requirement results in up to 60 percent of the delivered price of the aircraft being paid before delivery. Funding pre-delivery payments, or PDPs, is no easy task since no asset exists when payments are made to the manufacturer. Hence, PDP financing has become the domain of a few bank lenders which are able to find their way through the complexity of the risk issues involved.

Having financiers become comfortable with financing new assets is not going to answer all of the requirements of the air freight industry.

New aircraft are only part of the solution to the capacity demands of the air freight industry.

Passenger-to-freighter conversions will continue to provide the majority of replacement and growth capacity. Calls for efficiency, reliability and environmental constraints have prompted a move toward converting newer aircraft. This factor alone has helped the financing sector take a more positive view of financing converted aircraft.

If one can obtain feedstock aircraft for conversion — given the extended use of passenger aircraft due to new aircraft order backlogs and program delays — the challenge becomes finding available freighter conversion slots. Financing a used aircraft also is difficult because of the technical challenges associated with conversion and because it requires a change-of-use requirement.

The financing community typically doesn't like to see a change-of-use investment because it can represent between 70 percent 100 percent of the aircraft acquisition costs. Financiers are also wary of the technical risks that go with a passenger-to-cargo conversion.

Financing might be available for the acquisition of the passenger aircraft or for the converted freighter, but not during the conversion process because the aircraft is without a valid certificate of airworthiness because of the modification taking place.

Even seasoned aviation financiers and lessors don't fully understand the risks associated with conversion. Consequently, they might not want to participate in the funding process. This situation is exacerbated because the conversion provider requires payments before, during and at the end of the modification, increasing the cash liquidity demands of the airline operator or lessor.

The number of lenders and lessors that currently participate in the financing of freight conversions is limited. That means the liquidity tends to go to those operators and lessors perceived to be the best risks and to finance the most favored assets, including the 747, 767, 757 A300-600.

Financing the freighter fleet is becoming more commonplace among financiers and lessors. But in today's uncertain times, the mantra in the finance business is to keep things simple and choose the most attractive assets.

Stephen Rimmer is senior managing director of Guggenheim Partners. He also founded XS Aviation, an aircraft investment management and advisory company, and has been involved in aircraft and engine trading activities for over 29 years.

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All in the Belly

by Ian Putzger

Although the region is growing fast, freighters are struggling to find enough feed in Eastern Europe

Of three new European destinations to be added to American Airlines' network this year, probably the most attractive from a cargo standpoint is Moscow. Not only is the carrier fielding 777 aircraft on the sector (whereas Barcelona and Milan, the other two additions, will be served with 767-300s), but cargo traffic to the Russian capital is booming, driven by a voracious appetite for consumer goods and luxury items.

Frankfurt-based research and consulting firm Aviainform has seen "explosive growth" in air freight volumes into Russia, an observation shared by airlines serving this market.

"Inbound traffic to Russia has been very strong," said Ram Menen, senior vice president of cargo at Emirates Airlines.

Russian airlines have been on the expansion path. AirBridgeCargo, the scheduled freighter airline owned by Antonov AN-124 operator Volga-Dnepr Airlines, recently took delivery of its second 747-400 extended range freighter.


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Last year, the carrier signed an order for five 747-8 freighters, with options for an additional five. The firm orders are scheduled for delivery between 2010 and 2013. Aeroflot, Russia's largest airline signaled plans to take between five and 10 777 freighters, although no further details have been released so far.

Forwarders are also sensing opportunities. Last year Connecticut-based IJS Global established an alliance with Delivery World, which is headquartered in Moscow. Giorgio Laccona, chief executive of IJS, sees strong demand for a range of commodities from oilfield equipment to consumer items.

For much of the air freight shipping world, the moves add up to a changing view of Russia and the former Eastern European countries. After a brief period of interest and expansion in the early 1990s following the fall of the Soviet Union, most forwarders and airlines have stepped into the region only cautiously, preferring to focus on booming economies elsewhere while the political, legal and business storms played out.

The growing business in the air, however, suggests the business climate is clearing.

Not everybody has had smooth sailing in Russia, however.

Lufthansa Cargo found its overflight rights abruptly pulled by the Russian authorities last fall, with a temporary extension granted only after top-level political intervention. Both sides have maintained that the two issues are not linked, but it is widely seen as no coincidence the German carrier recently agreed to move its Central Asia hub from Kazakhstan to the Siberian city of Krasnoyarsk, provided the airport is upgraded.

International Freight Flows by Country (000s)

Average annual growth rate AAGR

	Base 2006	2007	2008	Forecasts 2009	2010	2011	AAGR
Bulgaria	5,053	5,229	5,420	5,606	5,796	5,992	3.5%
Hungary	41,481	45,445	49,555	53,197	57,274	61,569	8.2%
Romania	7,230	7,654	8,048	8,419	8,814	9,220	5.0%
Russian Federation	214,575	226,705	240,212	253,316	268,474	283,733	5.7%
Czech Republic	47,294	48,607	49,652	50,757	51,791	52,786	2.2%
Kazakhstan	22,027	22,673	23,565	24,498	25,467	26,480	3.8%
Lithuania	828	846	863	882	903	928	2.3%
Turkmenistan	2,975	3,112	3,261	3,405	3,557	3,722	4.6%
Ukraine	8,493	9,263	9,956	10,604	11,249	11,924	7.0%
Uzbekistan	8,472	8,995	9,620	10,250	10,934	11,665	6.6%

Source: IATA

Even without the heavy-handed tactics that have made investors think twice about putting money into Russia, carriers are not having an easy ride. Imports may be frothy, but the outbound leg is a lot harder to fill.

Veli Polat, director for Russia and the Commonwealth of Independent States for Lufthansa Cargo, estimates the balance is 70 percent/30 percent in favor of inbound volumes.

"The types of commodities that Russia exports are not for air freight," said Dirk Steiger, managing director of Aviainform. "On Aeroflot's freighters that come here, it's all stuff from Asia."

As a result of the discrepancy in flows, there is a yield-depressing capacity glut on the export side. This raises the question of what would happen if carriers were to push freighters into Moscow, where the cargo market so far is predominantly served with belly-hold capacity. According to Steiger, the existing lift is adequate to accommodate the demand for inbound traffic, so a surge in main deck capacity could seriously undermine the economics of serving the Russian market.

Menen said the weak export demand has rendered freighters an unviable option for Emirates in the Russian market so far.

For the rest of Eastern Europe, the case for freighters is even harder than in Russia, given the size of the market and logistics patterns. Currently the integrators account for most of the freighter lift into Eastern European capitals. According to Steiger, the only sizeable operation is a Cargolux 747 freighter moving twice a week through Budapest on its way to Asia. But this stop is mainly due to one large customer, he said.

Passenger flights to the region have been growing strongly, but belly-hold capacity consists largely of narrow-body aircraft that cannot take palletized cargo.

Bob Imbriani, vice president of international operations of forwarder Associated Global Systems, said direct lift from the United States to Eastern European markets is still limited but keeps growing. Despite the limited payload on most of these services, he finds these options attractive, partly because of the transit time, partly because many of these entrants have been willing to negotiate on base freight rates, especially while their passenger loads are relatively low.

Given the fast economic growth rate in Eastern Europe, the idea of investing in cargo there could gain prominence on investors' radars,

Uwe Kaeding, regional manager for the U.S. Midwest of forwarder Emo Trans, said that his company has not been doing much with direct belly-hold capacity to Eastern Europe. "That capacity works for small volumes from known shippers; otherwise, you go through the European hubs, like Frankfurt, Vienna or Paris," he said.

Given the fast economic growth rate in Eastern Europe, the idea of investing in cargo there could gain prominence on investors' radars, "but what are the benefits?" Steiger said.

Given the strength and depth of trucking links from the major European gateways to the markets in Eastern Europe, little would be gained from going direct by air, he said.

Moreover, dispatch decisions are still made in shippers' head offices in Western Europe. "A company like Nokia may move production to Eastern Europe because of financial incentives, but it will continue to fly with the likes of Lufthansa, KLM Royal Dutch Airlines or Air France. So the cargo will be trucked to those carriers' hubs," he added.

Apparently the airport authority in Budapest does not subscribe to this point of view. As part of a $411.7 million airport upgrade program, the airport is planning a new cargo village. Construction of phase one of the project is expected to start in the spring of 2009. This will have an annual capacity of 160,000 tonnes, comfortably in excess of the 65,150 tonnes that passed through the airport in 2006.

Overall, capacity at the region's airports seems adequate.

"We haven't had any significant problems," Imbriani said. "As long as you plan ahead, it shouldn't be too much of a problem. However, if you have larger charters, it might be better to fly to Frankfurt or Vienna and truck from there."

Operators use most of the major continental European gateways, from Amsterdam and Paris to Frankfurt and Vienna, but the latter two attract a bigger share thanks to their closer proximity to Eastern Europe. Given its location, up-and-coming Leipzig Airport, the designated hub for the joint venture cargo airline between Lufthansa Cargo and DHL, is also expected to serve as a gateway to the region. Singapore Airlines started freighter flights there March 30, but operators believe it will take some time before the airport becomes a regular fixture in these traffic flows.

"Leipzig has to establish itself, it has to find its place in the distribution plans of forwarders," said Klaus Holler, vice president for the Americas of Lufthansa Cargo.

In terms of main deck capacity, Frankfurt is head and shoulders above Vienna, which lost EVA Air's twice weekly MD-11 freighter service to Taipei last fall, but still retains up to 20 weekly freighter links to Korea courtesy of Korean Air and Asiana Airlines, as well as a weekly Emirates 747-200 freighter flight to Dubai. Companies, such as Samsung and LG Electronics Worldwide, which are expanding their production in Slovakia and Hungary, are driving the strong Korean presence.

For U.S. shippers Delta's launch of five weekly 767-300 extended range flights last year brought a welcome direct link from Atlanta to the Austrian capital. The carrier can take about 10 tons of cargo on the route.

Steiger does not see Vienna's limited freighter profile as a significant disadvantage, as shipments to Eastern Europe typically are not very large. The airport has excellent belly and truck links to the region, he said.

The key player in both areas has been Austrian Airlines, which has more than 40 passenger flights to points in Eastern Europe and 18 rail feeder service links. With the most recent European Union expansion, which brought Romania and Bulgaria into the fold, Vienna's role looks likely to grow further, as these countries are a long haul from its more western rivals, like Frankfurt or Amsterdam. This is going to take a while to build up momentum, however.

"We're not doing much with these countries," Kaeding said. "This is only just beginning."

He finds the existing road feeder links from the main hubs to the region very efficient and fast but warned they can be a good deal more expensive than what other truckers offer.

"It helps to have good contacts if you move cargo beyond the airport and not having to rely on the airline. There can be significant differences in trucking costs," Kaeding said.

Imbriani adds one more point why an experienced and reliable local partner on the other side is crucial. "Road feeder service to Eastern Europe is usually pretty good, but customs clearance and finding a viable agent may be more difficult. Finding the right partner in these countries can make a huge difference," he said. ■

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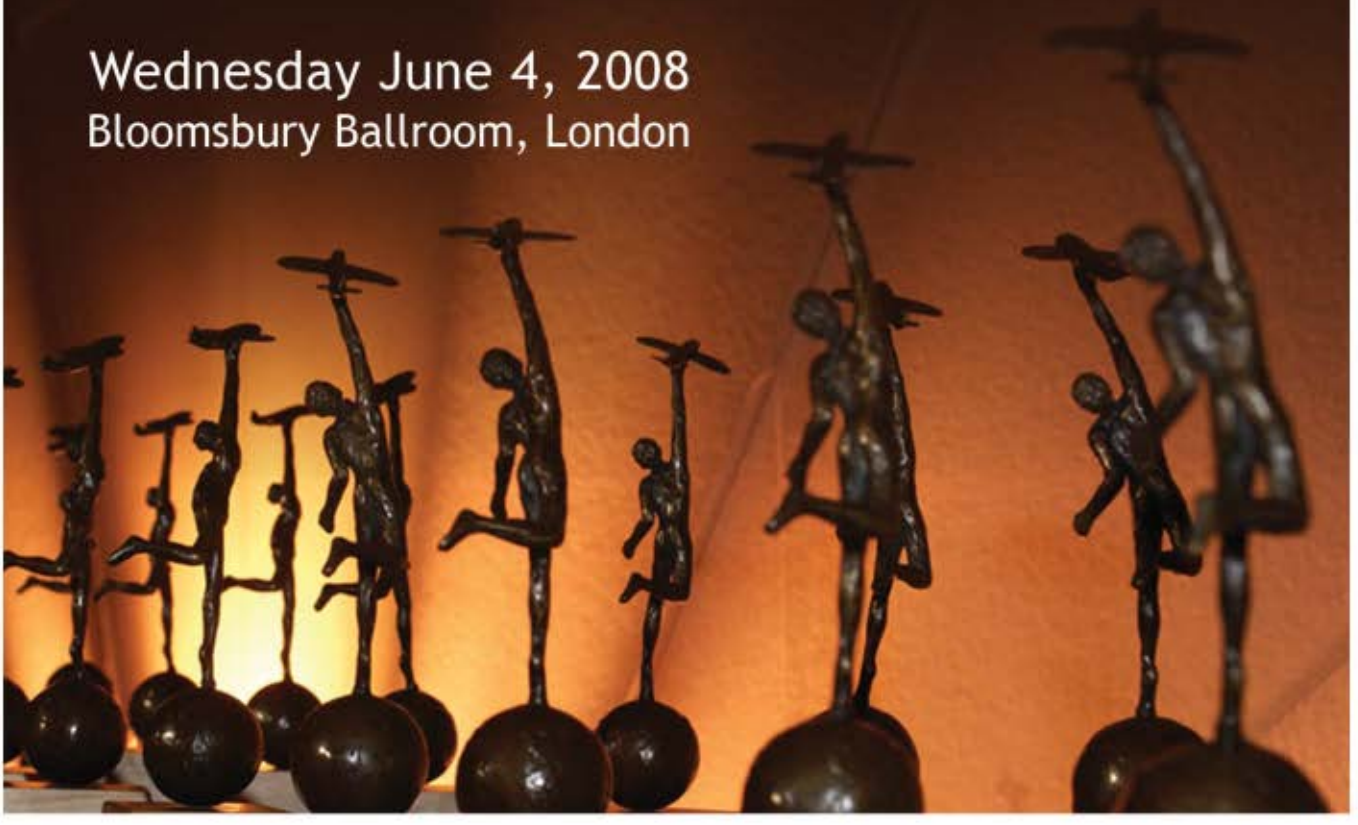

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GROWTH IN GERMANY

Many of Germany's leading air cargo centers are adding capabilities and improving infrastructure in order to meet much greater customer demands. These additions are in response to the growing volume of air freight moving to and from traditional markets, plus rising traffic from emerging and developing markets such as former Soviet-bloc countries Bulgaria and Romania.

Michael Kerkloh, CEO and president of Munich Airport explained, "We are No. 6 in terms of European air cargo moves, and we are particularly well-suited to cater to 'the new Europe.' Southern and southeastern Europe has huge growth potential and we are very well-positioned, geographically as well as experience-wise, to serve these markets."

He also noted that within his 12-hour truck-drive-radius catchment area, "These territories generated 2 million tons of air cargo last year. Therefore, whether our freight derives from France or Germany, or newly emerging nations, we have what shippers need."

And, he stressed, Munich Airport is blessed with extraordinary cargo sources, virtually at its proverbial doorstep. "Paced by Siemens, headquartered right here in Munich, we have major sources of freight to rely upon," Kerkloh said.

The increased number of flights operated on Asian and U.S. routes is a positive step and a strong impetus is also continuing to come from the express services operating in Munich. Volumes by DHL, FedEx and TNT rose significantly last year, compared with 2006. However, the majority of flown air freight at the Bavarian hub is still carried as belly cargo on passenger flights.

Munich Airport began its latest round of cargo expansion in autumn 2005, when a new 48,437-square-foot cargo facility went into operation. Built by Cargogate, a 100 percent subsidiary of Munich Airport, it was designed to serve the needs of express cargo carriers and will be used by DHL, FedEx and UPS.

Cargogate, which specializes in freight handling, also provides services for around 60 international airlines. It currently handles 100,000 tonnes of cargo per year.

In other news, a new Munch Airport logistics center debuted last December. Sources say it is a logical response to the

Munich Airport

SURGING AHEAD WITH MISSION TO BECOME EUROPE'S MOST EFF CIENT AND ATTRACTIVE HUB

Since opening on May 17, 1992, Munich Airport has almost tripled its passenger and quadrupled its cargo traffic to become one of the fastest growing airports on the continent, and has secured the No. 7 position among Europe's top 10 hubs as an increasingly important player in the global aviation market.

Munich Airport is owned and operated by Flughafen München GmbH (FMG), which was founded in 1949 and is owned by three shareholders: the State of Bavaria has a majority share with 51 percent; the Federal Republic of Germany holds 26 percent, and the city of Munich has a 23 percent stake in FMG. Munich Airport, located approximately 30 kilometers northeast of the Bavarian capital, was a greenfield site when opened in 1992 – the year when airport staff and moving crews performed the prodigious task of relocating an entire airport overnight, between May 16 and 17, from the former location at Riem to the new site.

Spread out over a verdant 1,600 hectares, Munich Airport is Europe's seventh-busiest and the world's 28th-busiest airport. With its strategic location at the heart of Europe and unique partnership with Lufthansa, the mission of Munich Airport is to become the most efficient and most attractive large hub in Europe by 2010. Munich was awarded "Best Airport in Europe" for the third year in a row and was chosen fourth "Best Airport Worldwide" in the Skytrax "Airport Awards 2007" survey of 7.8 million passengers from around the world.

Munich has surged ahead in recent years to become a driving force behind the growth of the European air transport sector by posting growth rates unrivalled by any other German airport, and is the only airport in Germany to gain and hold a place alongside Frankfurt on the worldwide aviation map. The 1995 initiation of Munich Airport's development as an international air transport hub marked a new high point in this rapid upward trend.

With a total of 34 million passengers in 2007, Munich grew above the industry average with 10.4 percent more passenger traffic than in the previous year. Approximately 56 million passengers are forecast annually by 2020, with cargo expected to grow threefold in the next decade.

growth in air cargo that has virtually quadrupled between 1992 (its first air freight year) and 2006 — from barely 100,000 to 400,000 tonnes.

The development's first phase provides total floor space of 161,458 square feet for the use of freight forwarding companies. Four of these — AHT GmbH, Airtruck Befrachtungsgesellschaft mbH, Detzer Aircargo Service GmbH and Geis SDV GmbH — will operate from the new facility. A second phase, doubling capacity, is on the drawing board.

The building, which is 754 feet long, 213 feet wide and 39 feet high, accommodates more than 50 trucks that will be able to dock simultaneously at the facility. It is linked to the existing freight terminal by a dedicated track for dolly trains and forklifts. With the launch of the new facility, additional cargo-handling space is now available in the existing cargo terminal.

> ***"[The Frankfurt – Hahn] town and region community is very glad we have the sales advantage of always being open."***
>
> ***– Udo Preißner, Frankfurt–Hahn Airport***

Also last year, Munich Airport opened a new facility for the handling of cross-border cargo traffic. The new Border Inspection Post with Small Animal Station provides a place for dogs, cats, reptiles, birds and ornamental fish to enter the country under the watchful eye of veterinary specialists. It will also perform screening of foodstuffs of animal origin, such as fish and meat products.

As well as ensuring protection against the introduction of animal diseases, the Border Inspection Post will ensure that imported foods comply with European standards in the areas of health, hygiene and quality. The new Border Inspection Post at Munich Airport permits significantly faster handling of all imports while complying with the strict EU import regulations.

Approximately 77 miles west of Frankfurt is Frankfurt-Hahn Airport. A former U.S. Air Force base, "this is a very freighter-friendly airport," Udo Preißner, marketing manager, said. Indeed, since no belly freight is handled at the facility — its passenger service is paced by bargain, and freight-free Ryanair — "cargo is absolutely a top priority."

Aeroflot, Air Armenia, Egypt Air, Emirates and Qantas are major players here, all of whom appreciate another critical Frankfurt-Hahn plus: it's a 24/7 airport.

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A High-Flying Airport

Located in the centre of Europe, Frankfurt-Hahn Airport, Germany, is offering a cost-competitive opportunity next to mega-hubs. The strategic alliance with Frankfurt Airport, which is the main shareholder of the Frankfurt-Hahn Airport Company, ensures competency and efficiency. Only a few kilometres from the Rhine-Main metropolis of Frankfurt, this young airport in Rhineland-Palatinate has grown into a major international airport and the fourth-largest cargo airport in Germany.

The impression made by Frankfurt-Hahn is that of a multihued mosaic of travellers from all over the world. Every day, this international airport in Rhineland-Palatinate offers around 50 scheduled flights within Europe with low-cost airlines such as Ryanair, Wizz Air and Iceland Express. When civilian operations first started, a mere 7,000 passengers per year were flying from Frankfurt-Hahn Airport. In 2007, a total of 4.1 million passengers flew to and from Frankfurt-Hahn Airport. The airlines fly to destinations in such countries as France, the United Kingdom, Ireland, Italy, Spain, Scandinavia, Iceland, Poland and Hungary.

The Cargo Business

In order to ensure that the enterprise will be a success in the long term, Frankfurt-Hahn Airport is relying on a variety of different pillars. Alongside the passenger and non-aviation divisions, cargo is another significant business unit. For years now, Frankfurt-Hahn Airport has numbered among the most important cargo bases in the world. In Germany, it ranks fourth after Frankfurt, Cologne-Bonn and Munich. In Europe, it ranks 17th. Holding a 24-hour operation licence, coupled with customer-oriented and professional service and favourable cost levels, Frankfurt-Hahn offers superb conditions as a business location. The 3,800 metre-long runway, with its modern, category IIIa instrument landing system, can support the continuation of flight movements even in the most severe weather conditions. The short distances to drive between the apron and the road are among its most significant competitive advantages. Since January 1998, the airport operator Fraport AG has been majority shareholder in Flughafen Frankfurt-Hahn GmbH. Today, Fraport AG has a 65 percent interest in Frankfurt Hahn Airport. The states of Rhineland-Palatinate and Hesse each hold a 17.5 percent share.

"We are in a fairly rural area, and the airport is a major employer. Therefore, instead of the community fighting with us over night flights, this town and region community is very glad we have the sales advantage of always being open," Preißner said.

He also noted that, as of September 2007, Frankfurt-Hahn had extended its single runway to 12,467 feet. Originally built to be 9,842 feet long and subsequently extended to 10,826 feet, the new length enables Frankfurt-Hahn to accommodate any kind of aircraft with full payload to maximum range.

That, plus less bureaucracy, and what Preißner describes as aircraft-to truck off-loading time that are much faster than those at larger facilities, are other facility advantages, he cited.

"Frankfurt-Hahn has been seen as one of the important freight bases in Europe as well as worldwide for years. In Germany, Hahn is in fourth place, right behind Frankfurt, Cologne Bonn and Munich. And in Europe, Hahn is in 17th place," he said.

Geography also plays a critical role in this airport's services and growth. "The catchment area is in the heart of industrial Europe, virtually midway between Frankfurt and Cologne/Düsseldorf," Preißner said. Adding that the facility is a short connecting ride to the A61, one of Europe's prime north/south cargo highways, he also noted, "We also have the advantage of virtually no congestion. Planes arrive when they wish, and they do not have to worry about lining up for pre-arranged slots."

Preißner pointed out that all aircraft positions are right in front of their warehouses. This is important, he said, since it means "there is no interface time between off loading from the plane and movement into storage areas."

He stressed that streamlined personnel and operations are based on having a small, competent, results-oriented staff. "Everyone knows everyone and very often, any problem that might arise can usually be handled via one phone call," Preißner said.

Franz van Hessen, director of cargo and sales at Cologne Bonn Airport said his facility also benefits from having no nighttime flight restrictions. "That's a real concern in many major facilities, particularly those serving Europe's largest cities. But not here; our permit extends until 2030."

Major assets include three maximum length runways, which are ideal for continuous freighter operations, and the airport's proximity to Europe's major import and export areas. "While everyone claims this, the fact is Cologne Bonn really is the closest major facility to North Rhine Westphalia, the heart

Köln Bonn Airport Cargo

Cologne Bonn Airport is situated at the centre of Western Europe's strongest economic region, North Rhine Westphalia. NRW is the world's sixth most powerful economic region, close to Tokyo, New York, Osaka, Los Angeles and London. This implies that almost 16 million people live in a 100-kilometre radius around CGN and that 40 percent of the European Union gross domestic product is generated within a range of 300 kilometres around the airport.

CGN is directly linked to the rest of continental Europe by the excellent German road network and therefore trucking distances to the other European economic areas are short.

In 2007, 720,000 tons of cargo were transhipped via CGN – a 3 percent growth from 2006. With these volumes, CGN ranks as No. 2 cargo airport in Germany and No. 7 in Europe.

CGN has developed as Europe's most active express hub. We support United Parcel Systems main European hub, as well as significant sub-hub operations for British Airway World Cargo and FedEx.

Also in the field of general cargo full freighter uplift has CGN earned its position with regular scheduled flights from Lufthansa Cargo and British Airways World Cargo, as well as a large and regular variety of charter flights by various major cargo carriers. Further strong expansion of cargo operations on full freighter and full passenger carriers is planned for the coming years.

CGN has started with for the groundwork of a new 12,000-square-metre cargo building to deal with the airports growing cargo volumes and customer demand. The new Cargo and Forwarding Centre will become operational before the end of 2008.

CGN is 24/7 operational (airport and Customs), with unrestricted slot availability for most aircraft types with a variety of connecting flights and roadfeeder services. Equipment and services are available to handle any type or size of cargo, including cooled and secured cargo as well as live animals. Our 36 wide-body aircraft stands enable us to handle any type of aircraft with maximum take-off weight.

CGN has three runways, CAT III equipped, of which the longest (14L/32R) has a length of 3.815 metres permitting maximum payload for any kind of operation.

CGN has the most favourable year-round weather conditions in Europe. CGN is connected via a dedicated pipeline to Rotterdam, Netherlands, Europe's major port of entry for aircraft fuel. As a result, fuel is available at CGN at very competitive rates.

of the production centers for Germany's automotive, pharmaceutical, construction and mechanical industries," he said.

Since airlines ideally seek loads as full as possible on inbound as well as outbound flights, "this region can provide that dual source of material. While roads are excellent throughout Europe, the fact is that airlines look for a balance in the place they land before starting to truck. After all, since reducing ground transportation means reducing costs, the fact that our market is Europe's major consumption, as well and production, area really is something in our favor," van Hessen said.

Therefore, he added, it is not surprising that UPS located its European hub at Cologne Bonn while DHL and FedEx operate sub-hubs there. Furthermore, FedEx has decided to establish its hub for central and Eastern Europe here in 2010.

Pointing to the economic powerhouse where his facility is centered, van Hessen said that nearly 16 million people live in a 61.1-mile (100-kilometer) radius around Cologne Bonn airport. And they help produce 40 percent of the European Union's gross domestic product that is generated within a 186-mile (300-kilometer) range around Cologne Bonn.

Cologne Bonn Airport is directly linked to the rest of continental Europe by the excellent German road network. This makes trucking distances to the other European economic areas efficient and short. For example, Amsterdam can be reached in three hours, Frankfurt in two, Brussels in 2.5 hours, and Paris in five.

Cologne Bonn has three runways of which the longest has a length of 12,516 feet. That permits maximum payload for any kind of operation. Also the airport is not slot-coordinated and provides 24-hour operating time and unrestricted slot availability for most aircraft types.

"After all, since reducing ground transportation means reducing costs, the fact that our market is Europe's major consumption, as well and production, area really is something in our favor."
– Franz van Hessen, Cologne Bonn Airport

Kales Airport Services is directly involved with much of the freight that is spurring German air cargo increases. Based at Amsterdam's Schiphol Airport — with 33 offices in 21 European countries, representing more than 100 airlines and handling 125,000 tonnes of freight annually — Kales has become a major player in the general sales and service agent industry

Services rendered include acting not only as intermediary between airlines and freight handlers and travel agents, but also venturing into charter brokerage, through its subsidiary Kales Charters BV. Kales Airline Services has been established within Germany since 1999, with offices currently in Frankfurt, Munich and Düsseldorf.

Kales represents Air China Cargo, which offers 46 flights each week. The company also coordinates Germany – U.S. cargo flights via connections with Virgin Atlantic at London's Heathrow Airport

"Business has stayed strong despite the decline in the U.S. dollar. It appears that quality production of kitchen goods, automotive parts, Siemens industrial components and a host of other fine goods still retain their appeal despite the fact their prices effectively keep rising for U.S. consumers," said Paul Bodde, Kales managing director. ■

KALES GROUP

Fax to Success

With 33 offices in 21 countries across Europe, representing more than 100 airlines and handling 125,000 tons of freight and over 100,000 passenger tickets per year, Kales has become something of a household name in the general sales and service agent industry.

Things were very different on August 1, 1994, when Peter Kales rented 20 square meters of office space at Schiphol Airport and dispatched a legendary fax to all of his contacts in the airline and freight forwarding industry. It read "A new day, a new week, a new month and a new company." A copy still hangs in his office today.

"I did it on a whim, actually," says the man himself. "It was meant to be a bit of fun and fortunately for me the response was overwhelming. The phone just hasn't stopped ringing since. Within a month we had our first exclusive contract to sell the lower-deck cargo space of an airline in the Dutch marketplace, and from there we went from strength to strength."

Kales Airline Services is still 100 percent privately owned, but the scale of the operation has become huge and continues to enjoy rapid growth. Its scope of services has broadened, too, with Kales acting not only as an intermediary between airlines and freight handlers and travel agents, but also venturing into charter brokerage, through its subsidiary Kales Charters BV. If you need an airplane – whatever type, wherever in the world – Kales are the people to go to.

Kales Airline Services has been established in Germany since 1999 with office nowadays located in Frankfurt, Munchen and Dusseldorf.

Representing Air China Cargo, with over 46 flights weekly, Kales Airline Services is considered as one of the major GSSA companies in Germany. Paul Bodde has been the Managing Director since the doors were opened.

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The International Air Cargo Association inducted **Klaus-Michael Kuehne**, executive chairman of the Kuehne + Nagel Group, and **Delford M. Smith**, founder and owner of Evergreen International Aviation, into the TIACA Hall of Fame. TIACA was to formally recognize the two industry veterans, who are being honored for their leadership in the aviation industry, at a special awards dinner at the Lauritzen Terminal at Copenhagen Airport in May at the TIACA executive conference.

Airlines

LAN Cargo: The freight division of Chilean carrier LAN named **Federico Germani** chief operating officer. Germani, who will be based in Miami, had been vice president of LAN Cargo's global operations.

Lufthansa: Lufthansa Cargo named **Andreas Jahnke** chief of the Lufthansa Cargo Center at the Frankfurt Airport, the carrier's largest transshipment center. Jahnke, 41, had been with the logistics subsidiary of Bertelsmann. He started his career as a logistics consultant with the Boston Consulting group and later co-founded a Cologne logistics company, benelog, and was its chairman. He later set up and ran the transport and logistics international procurement for the Kaufland company.

Alaska Air Cargo: The Seattle-based carrier named **Joe Samudovsky** director of cargo sales. Samudovsky had been at United Airlines for 20 years in various cargo management positions, including domestic and international mail manager.

ABX Air: In a management shift to build on the company's new holding company corporate structure, **Peter Fox** became chief commercial officer of ABX Holdings, parent of the Ohio-based cargo airline, and **John Graber** was named president of ABX Air, leaving Joseph Hete to focus on his role as president and CEO of ABX Holdings. Fox, 58, is the former president of Cargo Holdings International, which he founded in 1999 and which ABX purchased last year. Graber, 51, joined ABX last year and had been president and general manager of aircraft services for AAR and is a former senior vice president at ATA Airlines. Separately, ABX Air Chief Financial Officer **Quint Turner** took the CFO position at the holding company. And **Joseph Payne**, senior vice president and general counsel at the airline, also moved into those roles at ABX Holdings.

Global Aero Logistics: The parent company of World Airways and ATA Airlines said **John Denison** will serve as president and chief executive office on an interim basis until a replacement can be found for **Subodh Karnik**, who resigned. Denison has been chairman since January 2006 and joined Global as co-chief restructuring office in January 2005. He is also a former president and CEO of ATA and worked at Southwest Airlines for several years.

Hawaiian Airlines: The airline named **Radford Park**, **Kina Sai** and **Scott Witter** to the new positions of senior managers for customer experience. Park, who started at Hawaiian in 1984, leads the operating staff for customer service and ramp services. Sai started at Hawaiian in 1998 and has been manager of airport quality assurance for three years. Witter had been manager of productivity since 2004.

Integrators

DHL: **Stephen Deverson**, director of sales for DHL Same Day, was recognized as a Fellow by The Institute of Couriers of the United Kingdom, which recognizes individuals at the top of their field. Deverson received his fellowship from IOC President Viscount Falkland at a ceremony at the House of Lords in London in March.

UPS: The operator named **Eric W. Kirchner** president of freight forwarding in its UPS Supply Chain Solutions division. Kirchner is a former chief operating officer of Menlo Worldwide Forwarding who came to UPS when UPS bought the company in 2004. Named to his management team were **Everette C. Riley**, who became named president of North American freight forwarding, and **Terry Gavin Sambrook**, who becomes vice president of global brokerage.

Third Parties


Rohrmann

Panalpina: The forwarder named air freight industry veteran executive **Guenter Rohrmann** to its board of directors. Rohrmann, 67, is the former chief executive officer of Air Express International whose 45-year career has included a prominent role as a voice of the forwarding and freight industry. He is credited with helping engineer AEI's growth into the largest forwarder in the United States and held senior positions at Danzas AEI and

DHL after the company was sold. He has been chairman of Cargo Network Services and a board member of Cargo 2000 and vice president of The International Air Cargo Association.

TransGroup Worldwide Logistics: The Seattle-based forwarder named logistics industry veteran **Mark Spisak** executive director of North American services. Spisak has been with TransGroup since 2001 after spending 20 years with forwarder Danzas and Northern Air Freight, which Danzas purchased.

CEVA Logistics: The contract logistics named **Rick Fields** director of information technology and **Melissa Alwood** director of quality assurance. Fields started at CEVA in 2002 as a project manager and became information technology manager in 2004 and senior information technology manager in 2007. Alwood became a quality analyst at CEVA in 1999 and has been a senior manager of quality assurance since 2005.

Aeronet: The freight operator appointed **John Baisey** vice president of supply chain solutions. The former vice president of strategic development, Baisely's experience includes positions with Ciena and Lucent Technologies.

S-Net Transportation: The Singapore-based logistics operator named **Mark Noske** vice president of its new Hong Kong division. Noske has worked in supply chain management in senior positions throughout the Asia-Pacific region for 33 years, including Emery Worldwide and later at Menlo Worldwide and UPS Supply Chain Solutions, and at CTI Logistics.

Ground Handling

Jettainer: Lufthansa Cargo's Executive Board appointed **Alexander Pluemacher** managing director of the container management company, succeeding **Mohammed Seiraffi**, who became handling manager at Lufthansa Cargo, a new position. Pluemacher, 38, was most recently a private equity manager at Arques Industries and began his carreer in 1998 with Bertelsmann.

FreightScan: The California-based technology company named **Marek Sekowski** director of research and engineering at the technology company. Sekowski has 17 years' experience in technical development, and specializes in developing laser scanners and 3D surface data acquisition hardware. He was most recently a mechanical designer and product developer consultant to Basis Software. He also has worked at Industrial Light & Magic, Disney Imagineering and Universal Studios Theme Parks. ■

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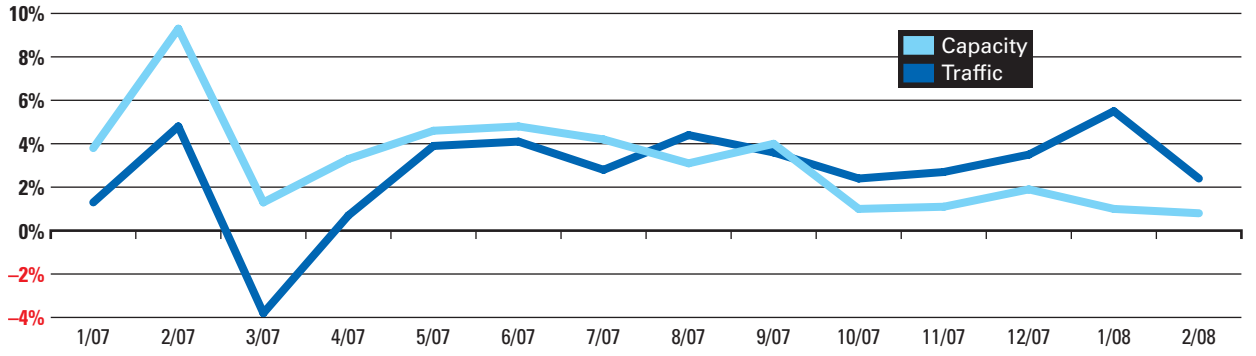
the AirCargo Bottom Line

Carrying Asia

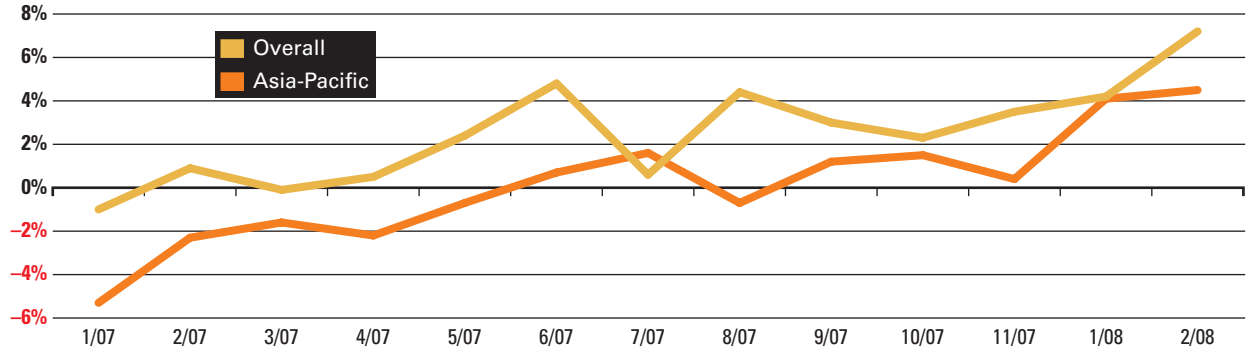
Monthly year-over-year percent change in capacity, in available tonne kilometers, and traffic, in freight tonne kilometers, of Asia-Pacific airlines.



Source: Association of Asia Pacific Airlines

Carrying Europe

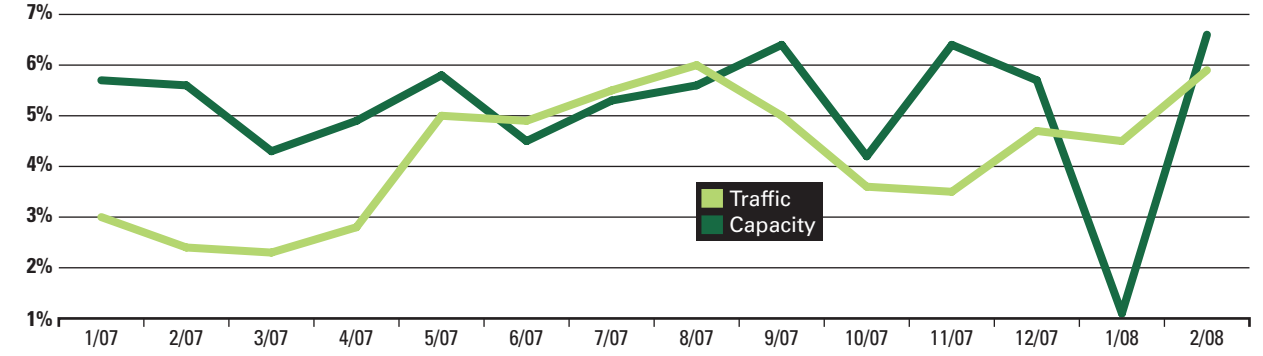
Monthly year-over-year percent change in overall freight traffic and Asia-Pacific freight traffic for European airlines.



Source: Association of European Airlines

Carrying International

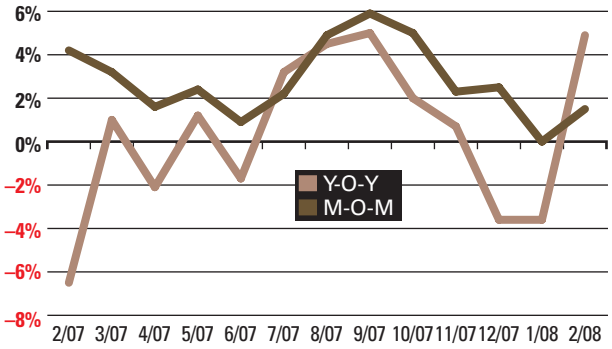
Monthly year-over-year percent change in total scheduled international freight traffic and capacity worldwide, in freight tonne-kilometers and available tonne-kilometers.



Source: International Air Transport Association

Semi Months

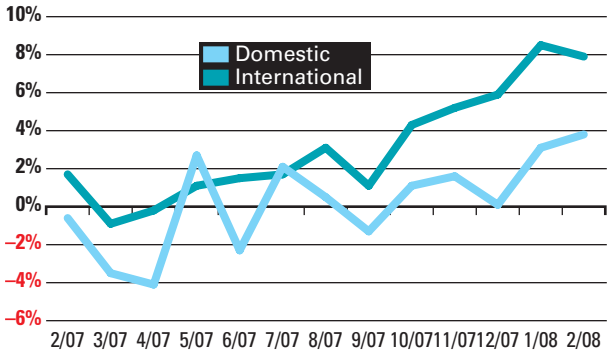
Worldwide monthly year-over-year percent change in sales of semiconductors and month-to-month percent change.



Source: Semiconductor Industry Association

U.S. Airlines

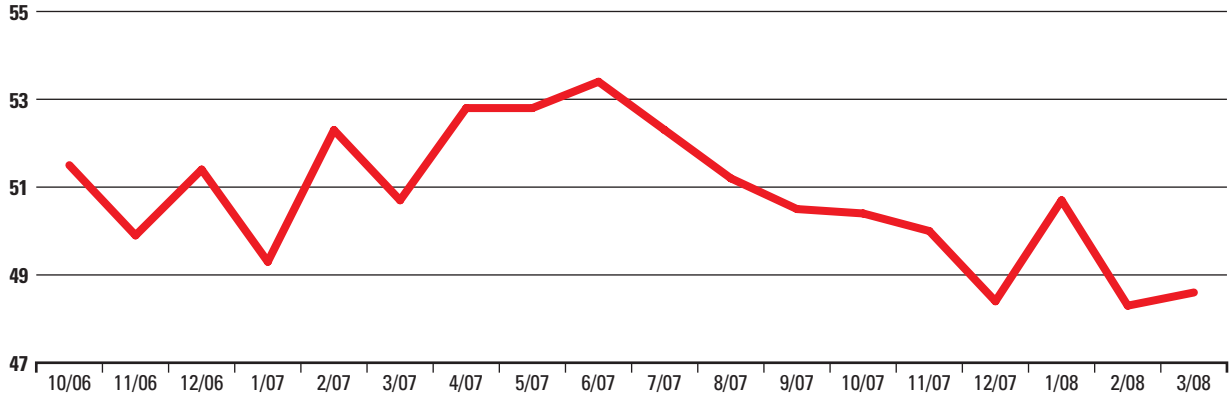
Monthly year-over-year percent change in domestic and international cargo traffic for U.S. airlines.



Source: Air Transport Association of America

Making Goods

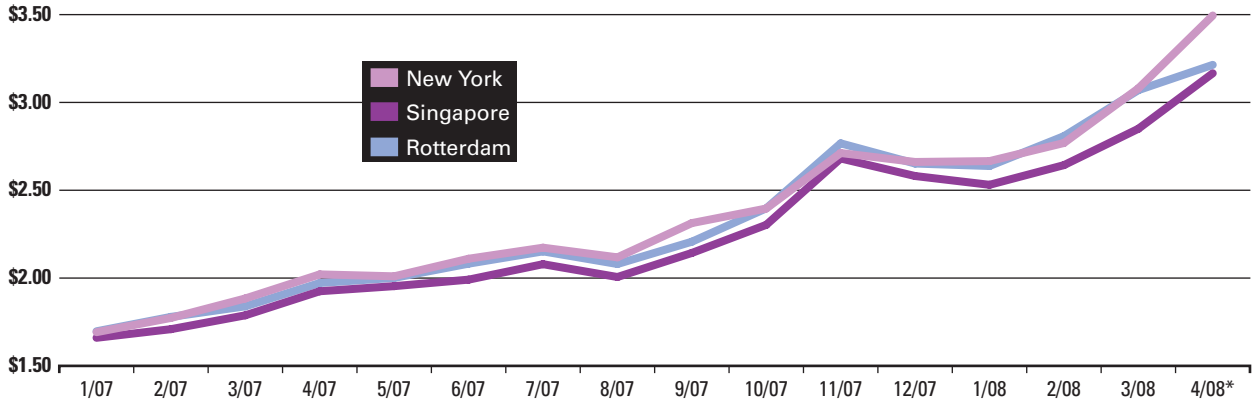
Monthly index of manufacturing activity in the United States over last two years. A reading above 50 shows expansion, below 50 contraction.



Source: Institute of Supply Management

Pump Price

Average monthly jet fuel prices in New York, Singapore and Rotterdam over past year.



** Through April 11*

Source: U,S. Energy Information Administration

Events

May 20-22

Chantilly, Va.: Regional Air Cargo Association Spring Conference, at the Westfields Marriott near Washington Dulles Airport, looking at ways to prop up feeder business. For information, call (508) 747-1430 or visit: *www.raccaonline.org*.

June 9-10

Frankfurt: Air Cargo Handling 2008, at the Steigenberger Airport Hotel, staged by Eva International, airlines, forwarders and ground crews looking at how to ramp up the business. For information, call +44 208 668 9118 or visit: *www.evaint.com*.

June 17-19

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

June 23-25

Toulouse: European PLM Summit, at the Airbus Toulouse meeting facility, the event brings together experts and users of product lifecycle management techniques and technologies. For information, call +44 0 207 202 7558 or visit: *www.plmsummmit.com*

July 28-30

Atlanta: Global Logistics Summit, at the Westin Buckhead, a World Business Research event with shippers from Circuit City, Nike, Home Depot, PETCO and others looking at global sourcing and logistics. For information, call (212) 885-2744 or visit: *www.globalogisticssummit.com*.

Aug. 20-21

Miami: MATTECH 2008, at the Miami Beach Convention Center, the Material Handling, Manufacturing Technology, Logistics & Supply Chain Expo for the Americas & the World will focus on the total manufacturing process. For information call (941) 320-3216 or e-mail: *contact@inforintermat.com*.

Sept. 15-17

Miami: CargoFacts 2008, at the Miami Loews Resort, bringing together aircraft buyers, sellers, financiers, service providers and operators of both passenger and freighter aircraft. For information, call (206) 587-6537 or e-mail: *conference@cargofacts.com*.

Sept. 15-17

Toulouse, Francee: **The Ninth Annual Aviation Industry Suppliers Conference**, at the Hotel Palladia, bringing together the parts that make up the aviation industry. For information, contact: *jspeed@speednews.com*

Sept. 23-26

Vancouver, B.C.: FIATA World Congress, at the Vancouver Convention and Exhibition Centre, the annual meeting of regional freight forwarders. For information, call +41 22 33 99 586 or visit: *www.fiata2008.com*.

Sept. 21-24

Boston: Airports Council International-North America annual conference and exhibition, looking at how business is ramping up. For information, call (202) 293-8500 or visit: *www.aci-na.org/conferences*.

Oct. 5-8

Denver: CSCMP 2008, the annual mega-meeting is educational, inventive and packed with shippers looking for, and often finding, the leading trends in managing supply chains and moving goods. For information, call (630) 574-0985 or visit: *www.cscmp.org*.

Oct. 13-15

Kuala Lumpur,: Airtropolis Expo 2008, at the convention center, the Mack Brooks event looks at airport planning and takes place alongside the 14th Routes World Development Forum, the World Fleet Forum and the ICAO/World Bank Conference. For information, call +44 1727 814400 or visit: *www.airtropolis.org*.

Nov. 4-6

Kuala Lumpur: International Air Cargo Forum, the bi-annual event is the air cargo industry's sprawling global meeting and stops this time in Malaysia. For information, For information, call +49 89 949-20 245 or visit: *www.tiaca.org/2008*. ■

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

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