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Air Cargo World

JULY 2008

International Trends & Analysis

INTERNATIONAL EDITION

The World's Top 50 Cargo Airports

Inside China • Project Cargo • DHL Anew

Air Cargo World

INTERNATIONAL EDITION

July 2008 CONTENTS Volume 11, Number 6

COLUMNS

DEPARTMENTS

Cover: photo courtesy of Keith Gaskell

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BPA WORLDWIDE

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Editor's **Note**

Miles Apart

A shaky world economy, skyrocketing fuel costs, increasing security regulations and the disparity in exchange rates between the U.S. dollar and euro are subjects this and other magazines have covered thoroughly. What could use additional ink is the apparent decline in labor and management relations in the air cargo industry.

Labor accounts for 23 percent of an airline's operating expenses, three percentage points below fuel, according to the Air Transport Association.

Consider the full plate of labor concerns at the Air Transport Services Group, the umbrella over ABX Air, Air Transport International and Capital Cargo International Airlines. These three carriers have long-standing contract disputes with their pilots over pay and benefits and there doesn't appear to be any end in sight. The Teamsters represent ABX Air and ATI pilots, while the Air Line Pilots Association International represents CCIA pilots.

The unions contend management is stalling and refuses to negotiate in good faith, while management declined comment because negotiations are ongoing.

ABX Air pilots already voted down one tentative agreement and are in mediated negotiations, while ATI pilots, also in mediation, voted down two tentative agreements since their contract became amendable in 2004. CCIA pilots have voted down three tentative agreements since their contract became amendable in 2004 and are considering mediation.

This is not a healthy working environment by any standard and is bound to affect ABX Air's long-term growth plans. To be fair, ATSG is in a very tough spot as it faces many issues listed along with the prospect of operating without its main customer DHL. Yet the pilots haven't had pay raises in quite sometime and are paid below their peers at other airlines, according to ALPA.

ALPA leveled its complaints during the annual meeting this spring of the ABX Holdings shareholders, which should raise a red flag for any investor. Bankers have been known not to return calls to representatives of cash-strapped airlines with poor labor relations.

Years ago, American Airlines, led by its usually forward looking Chairman Robert Crandall, refused to compromise with flight attendants over pay and benefits on a new contract. The result was a strike that wound up costing the airline millions of dollars more in lost revenue than the cost of the proposed pay and benefits package combined.

It turns out that poor labor relations at any carrier is bad business.

Robert W. Moorman

Air Cargo World

International Trends & Analysis

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News Updates

DHL Calls on UPS

DHL is taking a "radical and decisive" restructuring of its business in the United States that will reverberate through the air express around the world. Trying to stem losses that could reach $1.3 billion in North America this year, DHL essentially will unravel a large part of the ambitious expansion it undertook in the United States in 2003 with the purchase of Airborne Express and turn the air transport it had contracted out to ABX Air and ASTAR Air Cargo over to UPS.

For UPS, the agreement is a bonanza that will bring in an estimated $1 billion a year for the next year, although the companies had not signed a formal contract yet last month.

Both sides say they will continue to fight aggressively for express business. But the competitive landscape for express parcel business in the United States is clearly changed, and DHL, once adamant that it was going to break the grip of a UPS-FedEx "duopoly" looks to be most interested now in getting U.S. express traffic for its sprawling international network.

The agreement with UPS in many ways mirrors a blockbuster agreement FedEx struck with the U.S. Postal Service several years ago. Deutsche Post World Net CEO Frank Appel, who took over after DPWN chief Klaus Zumwinkel resigned under a tax evasion investigation, said the pact with DHL will include no agreement for the companies to cooperate elsewhere in the world.

DHL holds less than 7 percent of the domestic parcel shipping market in the United States and appeared to be losing ground to FedEx and UPS despite investments that ran into the billions of dollars and losses that seemed to be accelerating. Those losses triggered a sharp backlash among investors, and at the end of 2007 several prominent investment houses called for DHL to cut back and even withdraw completely to focus on its profitable areas.

The restructuring will including scaling back DHL's infrastructure in the United States by about a third, including reducing pickup and delivery routes by about 17 percent and ground linehaul by about 18 percent. DHL will use the U.S. Postal Service for part of its surface delivery.

The changes will cut losses to $900 million next year and to $300 million by 2011, but DHL wouldn't forecast profitability in the United States. The company insists only a small percentage of its volume will be affected, including 1 percent of its pickups.

"We can take a lot of cost out without having any material impact on our customer base," said John Mullen, chief executive of DHL Express.

The moves will have a big impact on ABX Air and ASTAR, and on the community of Wilmington, Ohio, the site of DHL's main sort hub and, by the way, where DHL owns the airport.

ASTAR, partially owned by DHL, is facing a potential demise while ABX will find out whether its attempts to diversify away from its core client — moves that sharply angered DHL management — will be enough for that cargo airline to survive. "If DHL does everything they've indicated," said ABX President John Graber, "We would directly lose 6,000 positions."

The airline has struck outsourced flight agreements with airlines including All Nippon Airways for its 767 freighters and is part of the part of the renamed Air Transport Services Group since the purchase of a smaller cargo airline last year. Still, DHL's deal with UPS came as a shock to many in Wilmington.

"We knew DHL was losing lots of money and we were for months discussing ways to help them reduce their losses," Graber said. "But I was very

surprised by the path they chose."

Fuel Rockets

At least until this spring, airlines had found only one surefire method for keeping their fuel spending under control — fly less. Even that isn't working any longer.

For more than a decade, U.S. carriers as a group kept their use of jet fuel remarkably steady, consuming virtually the same amount of fuel in 2007 as they used in 1998. Over the same period, fuel spending grew more than four-fold, from $9.7 billion to $41.6 billion, and that is just the start of the bad news for the carriers at the pump.

Through the first quarter, U.S. airlines spent 49 percent more for jet fuel than during the same period last year, according to the Air Transport Association, even as cutbacks in flights, capacity and even carriers reduced fuel consumption 0.2 percent.

And that was even before a second quarter run-up in crude oil prices sent jet fuel pricing skyrocketing to undreamed of levels.

Jet fuel prices, which were below $1 a gallon as recently as 2004, soared past $4 a gallon on world markets last month for the first time in history, according to the U.S. Energy Information Administration.

Prices in key world markets peaked at $4.241 a gallon in Europe the week of May 19, reaching a high in the United States of $4.171 a gallon in Los Angeles.

By the end of that full week, the cheapest average jet fuel price in the world was at New York Harbor, where the $3.98-a-gallon rate was about 12 percent above the average price in April.

The latest increases mean jet fuel has almost doubled in just a year, adding about $2 a gallon since the average prices of May 2007. Most airlines have ratcheted up fuel surcharges with the increases at the pump but many say they are struggling to keep up with the rapid pace of rising energy costs.

Lufthansa says it spent $5.7 billion for fuel last year, expects to spend $8.3 billion this year and already is forecasting $11.1 billion for fuel spending next year. "Our hedging program has worked quite well so far," said Nils Haupt, a spokesman for Lufthansa Cargo, "but it runs out at the end of the year."

For U.S. carriers, fuel consumption has been flat or declining for years.

The airlines burned 4.7 billion gallons of jet fuel in the first quarter and spent $12.8 billion to power the planes. By contrast, the airlines burned less fuel in the first quarter of 2000 — 4.9 billion gallons — and spent $4 billion for the stuff.

Thinning Planes

The downsizing at a number of prominent U.S. major airlines could have a profound affect on the belly cargo segment.

Amid soaring fuel prices, American, United, Delta and Continental airlines announced plans to slash their work forces, eliminate and reduce flights as well as ground narrowbody and widebody aircraft.

United said it plans to retire all 94 of its 737s and six 747-400s, while Continental would reduce capacity by 11 percent. American plans to ground up to 45 MD-80s as well as some older widebody aircraft, a 12 percent reduction in capacity. American was planning meetings with the U.S. Postal Service on the impact of the MD-80 groundings on mail traffic.

"The good news is that we're not closing that many stations," said David Brooks, president of AA Cargo. There also will be a reduction in high frequency markets "in an effort corral the capacity in lower load factor flights."

The airline also is suspending service between Chicago and Buenos Aires in September, a good market for cargo, Brooks said, and between Chicago and Honolulu during the off-peak season, as well as a few other routes.

"The largest impact for widebodies will be in San Juan," Brooks said, "a huge cargo market for us." A number of older Airbus aircraft will be returned to lessors and American will replace them with several narrowbodies.

The impact on forwarders will be immediate.

"Obviously, this is not positive news for our industry," said Brandon Fried, executive director of the Airforwarders Association. "Because a reduction of flights and aircraft availability translates into fewer choices."

In addition to grounding of six 747-400s, United asked the U.S. Department of Transportation to delay for a year the start of its Guangzhou service, which was scheduled to start in June.

Delta Vice President of Cargo Neel Shah doesn't expect the cargo side to be affected significantly because "we're mainly taken out MD-88s and CRJ 100s/200s, which aren't cargo friendly aircraft to begin with." Delta will ground two 757s and two 767-300s, but the delivery of numerous 777 long range aircraft will "more than balance" the drop in widebody capacity, he said.

At Continental, 43 737-300s and -500s will be retired and replaced with 30 737-800s and 900 extended-range aircraft. The newer aircraft have displayed "stellar results," said Jack Boisen, vice president of cargo. "We

News Updates

often load two-and-a-half tons more onto those aircraft and they carry the lowest unit costs in our fleet."

No retirements of widebody aircraft are planned, he said.

"I think the major industry capacity reductions will reveal some hidden revenue opportunities," said Boisen.

China Hazards

Thousands of shipments of dangerous goods worth billions of dollars could be disrupted by new rules from China's civil aviation authority restricting air transportation during the Beijing Olympic Games.

All domestic shipments of dangerous goods, except for medical items related to human diseases, to the airports of Beijing, Shanghai, Tianjin, Shenyang, Qinhuangdao and Qingdao were to be stopped from July 1 through Sept. 30 to enhance security during the Olympics.

Mike Morrissette, president of the Dangerous Goods Advisory Council, said members of his 180-company trade group have relayed partial and sometimes conflicting reports about proposed restrictions that have created uncertainty and confusion in the shipping community.

The International Air Transport Association said China authorities had told them "the directive is not applicable to foreign airlines."

Hazmat experts say shippers will have to pay close attention to the potentially confusing restrictions. "It's not a good situation," Morrissette said. "All these various people and agencies (in China) have yet to coordinate a grand plan. And until that happens there will be an amount of insecurity."

The Civil Aviation Authority of China's directive, numbered CAAC [2008] 52, also requires formal approval for transportation of certain classes of "hyper dangerous" materials at airports throughout China for the duration. These include toxic gases not including aerosols, infectious substances and radioactive materials.

Most dangerous goods move in and out of China by ocean, Morrissette said, although air cargo is a significant mode for time-critical shipments.

China has become a significant producer and shipper of dangerous goods for both import and export, he said, as the nation's industrial development has accelerated.

However, "I would not expect this situation to carry on much beyond the actual Olympics," said Morrissette.

Paper Savings

Lufthansa Cargo is pressing ahead with its plans to conduct the first paperless cargo transport from Germany by the end of this year.

That declaration was made crystal clear at the International Air Transport Association's annual meeting last month in Copenhagen. "With the help of this initiative, we intend to accelerate [e-freight] processes for the benefit of our customers," said Lufthansa Cargo Chairman Carsten Spohr.

Spohr said the company is preparing for the first paperless shipment from Germany by the end of 2008.

The paperless initiative is expected to save the air freight industry around $1.2 billion annually by eliminating paper documents, says IATA.

The e-freight project began as part of IATA's "Simplifying the Business" program in 2004 and moved into a pilot phase in five markets in 2007. The findings from the trials will be put into practice in Germany and other major markets following completion of the project in 2010.

Bleu Skies

The recent framework agreement for a Sino-European cargo joint venture between Air France-KLM and China Southern is the latest in East-West accords designed to tap the lucrative cargo market of China.

This agreement, which still needs regulatory approval, calls for Air Bleu, a new subsidiary of Air France-KLM, to not only handle air cargo, but to provide grounding handling, warehousing and agent services as well as customs clearance and import and export services.

China Southern would hold 75

percent and Air Bleu 25 percent of the joint venture.

Leo van Wijik, deputy chairman of the Air France-KLM Group said the agreement "combines the strengths of both companies in the cargo industry and represents the basis for delivering long-term value" to the carriers as well as customers.

In late March, Lufthansa Cargo and Jade Cargo, in which Lufthansa has a sizable minority interest, extended their sales and marketing agreement. Lufthansa Cargo is responsible for marketing the air freight capacity on all Jade Cargo's flights between Europe and Asia through the 2009 winter timetable. The latest agreement also transfers the marketing and sales partnership between Jade Cargo and Swiss WorldCargo to Lufthansa Cargo

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Dropping China

Whether because of freight or fuel, Northwest Airlines decided freighter service to Guangzho, China, no longer makes sense.

Northwest moved into the South China industrial city only last year as a replacement gateway for Hong Kong. Now, the carrier is shifting its entire China focus to Shanghai, where NWA Cargo will operate 12 weekly freighter flights.

The move is related to NWA Cargo's grounding of the fuel guzzling Pratt & Whitney-powered 747-200 freighters, which were used for the Guangzhou service. NWA Cargo operated 12 747-200s.

Dropping Guangzhou did not appear to be related to the airline's fear of overcapacity in Asia.

But some major combination airlines have pulled cargo capacity out of the market as younger airlines with newer, more fuel-efficient fleets have ramped up freighter operations out of the country.

British Beat

While many airlines found themselves mired in misery this spring, British Airways numbers were soaring.

"We had our best March ever," said David Shepherd, vice president of Americas of British Airways World Cargo. Boosted by booming U.S. exports, the Atlantic trade lane was particularly strong, he said.

The airline, Shepherd said, capitalized on the down market by changing its cargo mix, pricing competitively, reorganizing to open up new alternative U.S. gateways and cashing in on other opportunities, such as sea-air shipping networks.

The strong month helped BAWC finish the fiscal year ending March 31 with $1.2 billion in cargo revenue, 3 percent ahead of the previous year. After the impact of exchange rate movements is removed, commercial revenue was up 4.7 percent, a sign of the dramatic impact of the weaker dollar on results.

Cargo revenue gained 30.4 percent to $318 million in the fourth quarter to March 31 and yield gained 15.5 percent. ■

NORTH AMERICA

Reversing Delivery

Union, state officials protest Deutsche Post plans to cut U.S. airlines ties to DHL, shift domestic business to UPS

Deutsche Post World Net's decision to outsource DHL Express' domestic U.S. airlift to UPS is drawing fire from a coalition of public officials and union forces — and the state of Ohio.

The 10-year deal, which could bring some $10 billion to UPS, will face extensive antitrust scrutiny.

Ohio Gov. Ted Strickland is calling for an investigation into whether DPWN's plans for DHL would violate U.S. antitrust laws by reducing competition in the express package delivery market.

Facing the legal hurdle and an outcry over the impending loss of thousands of jobs in the state, DPWN board member John Mullen, CEO of DHL Express, and Wolfgang Pordzik, DHL vice president of public policy, met in Washington with Strickland and with Ohio's congressional representatives.

by Michael Fabey

One of them, Rep. Michael Turner, R-Ohio, is calling for an antitrust investigation that goes beyond the initial UPS-DHL deal, saying there are signs the two companies will forge similar arrangements in Europe and Asia.

Several unions also are threatening to sue to block the agreement with UPS on antitrust grounds.

Deutsche Post's move would essentially unravel part of DHL's expansion in the United States, enabling the company to focus on international business as DPWN looks for ways to stem the U.S. operation's losses, expected to reach $1.3 billion this year.

But first, DHL has to sever ties with its current carriers, ABX Air and ASTAR Air Cargo. That's causing angst for public officials and union leaders, especially those in Wilmington, Ohio, DHL's main domestic hub.

Officials there foresee the loss of thousands of jobs.

"If DHL does everything they've indicated, the end result is a loss of around 7,000 jobs in Wilmington," ABX Air President John Graber Graber said. "We [ABX Air] would directly lose 6,000 positions."

DHL also owns the Wilmington airport, the largest privately owned airport in the country. Jonathan Baker, director of public relations for DHL said the Wilmington air sort hub would be closed once the company ends its relationship with ABX Air and ASTAR.

Some freight, he said, would be shifted to UPS' Louisville hub this year, and the rest would be shifted to Louisville at the end of 2009. Wilmington is also DHL's largest ground sorting facility and is used to clear

and sort international air freight.

"We're studying what to do with those operations, whether to remain in Wilmington or go to alternate locations," Baker said.

DHL hasn't said what it plans to do with the airport, a former Air Force bomber alert airfield from the 1960s.

Expensive Plan

DHL will be under pressure to repay $270 million in bonds the Dayton-Montgomery County Port Authority sold in March 2007 to back DHL's expansion and upgrade of the Wilmington hub. DHL has 40 years to repay the state.

DHL also was required to continue debt service payments at the Cincinnati airport after the company left its relatively new hub there to consolidate express operations in Wilmington.

For ASTAR, industry observers believe it is a death sentence, with the move costing the former DHL Airways some $300 million and $400 million in annual revenue. For ABX, it amounts to more than $1 billion a year.

The Air Line Pilots Association, which represents about 500 ASTAR pilots, is considering a lawsuit to block the deal.

Another union, The Independent Pilots Association, which represents UPS pilots, said it supports ABX Air and ASTAR pilots.

"Our first reaction on hearing of the proposed deal was to ask UPS to give every consideration to any ASTAR or ABX Air pilot who might seek a job at UPS," said IPA President Bob Miller.

DHL told ABX Air officials June 2 that it was going to reduce the aircraft it would need from the ABX Air fleet by 39 jets over 12 to 18 months.

Pick Up

While UPS prepares to pick up DHL's domestic volume, the U.S. Postal Service is extending its agreements with DHL to handle shipments on the ground at various points in the delivery chain.

"This new volume is a natural extension of the delivery service we already provide to DHL and further recognizes the inherent value of the delivery reach of the Postal Service," said Jim Cochrane, acting vice president of ground packages for USPS.

The DHL-USPS agreement is part of a broad restructuring DHL announced May 28 of its troubled U.S. operations.

Since 2003, the Postal Service has provided last-mile delivery for DHL in over 20,000 ZIP Codes nationwide through its Parcel Select service. The DHL agreement includes arrangements through USPS Priority Mail and Parcel Selection and continues the hybrid DHL@home service.

DHL's restructuring could lead to significant market share losses for DHL on the ground, as it hands off more freight to the USPS, and some market share loss in the air. UPS said it will aggressively compete for business from DHL customers. "Both UPS and DHL understand that this does not change the competitive dynamics at all," said UPS spokesman Ken Sternad.

UPS, meantime, expects to add capacity in coming years to handle the DHL business. The company already had 12 new freighters set for delivery this year and next.

DHL created ABX and ASTAR as spin-offs because the company needed to adhere to U.S. prohibitions against foreign ownership or control of American-flag airlines. DHL set up an often awkward outsourced air services structure with recently acquired Airborne's former airline, ABX Air, and the remnants of the former DHL Airways, now called ASTAR.

Joint Use

Colorado and its two main airports in Denver and Colorado Springs to the south are not often associated with air freight.

But the Colorado Springs Airport is part of a multi-million project involving two branches of the U.S. military and millions of pounds of equipment and personnel.

The Arrival Departure Airfield Control Group, or ADACG, a $52 million facility, will open this fall. The highly secured facility, located on 81 acres south of the passenger terminal building, has an enormous ramp capable of parking six C-5s, which will be bathed in light at night by seven 140-foot tall lighting masts.

Mark Earle, aviation director for the airport, described it as a "rapid deployment facility" for troops and equipment processing" from nearby Ft. Carson Army base and the rest of the West.

The airport owns the land on which the facility sits and the U.S. Air Force provides the terminal services. But the primary responsibility for the facility is the Army.

... Briefly

The United States and Kenya agreed to an open skies aviation services treaty. … **ABX Holdings**, parent company of ABX Air, Air Transport International and Capital Cargo International Airlines, changed its name to **Air Transport Services Group**. … **Cathay Pacific** added freighter flights to Miami and increased flights to three times a week to Houston. … Cargo traffic at **San**

Francisco International Airport fell 2.3 percent in the first quarter, including a 14.7 percent drop in domestic cargo in March. … **NWA Cargo** now has the ability to print domestic shipment labels on Cargo Portal Services. … **FreightScan**, a developer of technology for the freight and logistics industry, introduced *CargoVizion,* a 3D imaging system for cargo screening. … Forwarder **Associated Global Systems** joined the Environmental Protection Agency's SmartWay Transport Partnership Program. … Freight traffic at **Seattle-Tacoma International Airport** fell 7 percent in March, including a 14.7 percent decline in international imports. That left the airport down 5.8 percent in freight the first quarter, with inbound international freight off 16.9 percent. …. **United Airlines** mechanics voted to have the Teamsters union as their collective bargaining representative, the National Mediation Board announced. … **Boeing** and **Airbus** will cooperate on the development of a next-generation air traffic control system that will most likely reduce airport congestion. … **American Airlines** started daily 767-300 flights between New York and Barcelona's El Prat and Milan's Malpensa airports. …**Martinair Cargo** named Air Logistics Group its general sales agent for Chicago, New York and Washington. ... **Vancouver Airport Authority** is partnering with Citi Infrastructure Investors to pursue the sourcing, funding and maximization of potential airport opportunities through YVR Airport Services. ... **Pacer Logistics** bought the assets of **Cargo Connection Logistics**, the $17 million New York-based air freight transport business that includes container freight stations at airport. … **Stirling Capital Investments** completed its fourth industrial center at the Southern California Logistics Center in Victorville, Calif., a 296,490-square-foot Class A facility. … **Delta Air Lines** and **Air France** launched joint service to London Heathrow out of New York, Los Angeles and Atlanta. ■

EUROPE

Eastward Ho

A growing Eastern European and Russian market is redefining the center of Europe for logistics providers.

Has the gravitational pull of Europe shifted irredeemably eastward? It would seem so, with a former down run airport in the Cold War Eastern Bloc of a once divided Germany now the focus of a new logistics heart of Europe.

The anointment of Leipzig/Halle Airport comes with the opening by DHL Express of its new $475 million European hub at the airport.

The DHL move seems certain to shift the parameters of the European express and air freight sector further eastwards towards the burgeoning markets of Eastern Europe and Russia.

And as far as the Leipzig/Halle airport authorities are concerned, it's expected to create a groundswell of interest and investment from other airlines and logistics providers. Major DHL customers such as Amazon.com have already moved their European distribution hub to Leipzig as a direct result of the decision made by DHL, they claim. Others are expected to follow.

by Roger Turney

But Leipzig/Halle airport is not waiting for DHL to fire the starting gun in its bid to become a central European logistics hub. It has already invested heavily in its future.

Cargo First

One of the first priorities was the reconstruction and realignment of the airport's second runaway. Now completed, it provides the airport with a vital parallel runway system.

More significantly, initial investment also has been completed on what is known as Cargo Area South. Apron space is available for up to six freighter aircraft. A 215,000-square-foot user cargo terminal, capable of handling 200,000 tonnes annually, is also now operational and may soon be fully subscribed.

"We understand that the building is already working at about one third capacity, but interest from service providers has been so strong that we expect the building to be in full use within a short period," said Airport Managing Director Eric Malitzke.

There is space aplenty at Cargo Area South for further development, but for the time being Leipzig/Halle is dominated by DHL. DHL created a virtually self-sustained site covering more than 21.5 million square feet. The main sort center at 516,000 square feet is capable of processing 60,000 parcels and 36,000 documents per hour.

Said Scott Price CEO DHL Express Europe, "We are currently moving around 1,500 tonnes per night, but expect this to rise to more than 3,500 tonnes by

2012. We have the space here to add another two sort facilities of the same dimension, should we need them."

Malitzke wants to maintain the logistics momentum at Leipzig/Halle but that can only be assured if other major carriers start diverting their freighters in his direction.

"We achieved some initial success last year when a Chinese cargo carrier started scheduled service from Shenzhen in China to Stockholm in Sweden with a stopover at Leipzig/Halle," he says. "They have since stopped this service, but we do now have Singapore Airlines Cargo operating regular freighter services."

Bear Facts

The Russian cargo airline Tesis has served Leipzig/Halle once a week since October last year. The company operates a 747-200 freighter, which connects Nanking, China, with Leipzig/Halle and Moscow Sheremetyevo.

According to Malitzke, the airport will soon sign up a second major Russian freighter operator.

The new DHL/Lufthansa Cargo joint venture cargo airline, AeroLogic, will be based at Leipzig/Halle when it takes to the skies early next year. AeroLogic will eventually operate a fleet of up to 11 777 freighters. Meantime, Lufthansa Cargo continues to provide seven of its MD-11 freighters for the existing capacity sharing agreement with DHL, which are now based at Leipzig/Halle, having moved from Cologne. On weekends, Lufthansa Cargo uses the capacity to supplement Asia and North Atlantic lift.

The airline currently uses facilities within the DHL hub to handle its own traffic. According to the airport authority, Lufthansa Cargo is expected to invest around $24 million in the construction of a logistics center at the airport with an annual capacity of 170,000 tonnes.

Lufthansa Cargo spokesman, Nils Haupt remains cautiously optimistic. "No formal announcement has been made about our plans to build a cargo terminal at Leipzig/Halle, but we do expect a decision to be made very soon," he said.

Malitzke understands the operators concerns about Leipzig/Halle's connectivity to the rest of Europe, particularly to existing major gateways such as Frankfurt.

Some of those concerns may be allayed with news that Leipzig/Halle will, by September, be provided with a direct rail link to Frankfurt. Dedicated overnight "air cargo" trains will link the two centers.

DHL said it would be a major user of this new service. "We have been working closely with the German rail authorities and are now looking forward to the introduction of a dedicated service by September," said Price. "Although we expect to be the prime user of this service, it will be operated on a neutral basis and be available to all parties."

Once again, Lufthansa Cargo appears to be non-committal.

"We have been looking closely at this proposal," said Haupt. "But our main concern at the moment is being able to load standard air freight containers onto rail trucks."

Panagia Out

Cargoitalia is starting over with a new board of directors after the departure the departure of its founder and its board chairman.

Founder and Chief Executive Officer Massimo Panagia left the financially troubled company along with Stan Wraight, a industry veteran who had came to the Italian freighter operator after heading AirBridge Cargo.

"I leave after the accomplishment of a successful launch of the company that is now entered into its phase of consolidation," Panagia said in a prepared statement. "In less than two years of operations, Cargoitalia has achieved a remarkable market position."

Shareholders, who apparently engineered Panagia's departure and are looking for a buyer for the carrier, might debate whether the company is that well positioned.

But the airline said in a statement that it is looking at a "new industrial phase" under new CEO Holger van den Heuvel and Chief Financial Officer Paolo Giacometti.

"The commercial alliances, one of Cargoitalia's strategic assets, will see further consolidation and development in order to cope with an increasingly difficult environment which, however, still bears many interesting opportunities both locally and globally," the airline said.

Panagia leaves a company that offers services to 10 destinations in the United States, Mexico, the United Kingdom, Germany United Arab Emirates, India and China.

"[It is] to early to say what I will do next," Panagia said. "However, I strongly believe in the potential of talented organization in this industry, currently affected by this absurd pressure of [high] jet fuel cost."

... Briefly

European airlines' freight traffic edged up 2.8 percent in April on a 6.3 percent surge in North Atlantic busi-

ness driven by exports out of the United States. Asia trade measured by the **Association of European Airlines** fell 1.1 percent in April. … **The Airbus** Material and Logistics Center opened at the Dubai International Airport Free Zone. … The **European General Sales Agent Consortium** expanded into its 35th country with the addition of **IBL Cargo** in Mauritius. … **Finnair's** freight traffic grew 32.5 percent in the first quarter over the same quarter a year ago. … The **Fraport Group's** earnings before taxes rose 1.1 percent to $178.4 million for the first quarter of fiscal year 2008, although revenue of $816.7 million fell 5.9 percent short of the previous year's level. … **Ceiba Cargo** started weekly A300 freighter flights between **Paris-Vatry Airport** and Malabo, in Equatorial Guinea off the coast of West Africa. … New Tunisian carrier **SBA Airlines** named **Global Aviation** its cargo general sales agent for the carrier's developing A320 network and planned addition of A330 aircraft. **Etihad Crystal Cargo** signed up for Abu Dhabi's "customs gold card" program, which includes faster processing of goods through customs and 90-day credit terms with Abu Dhabi Customs. … **DHL** opened its $473 million air freight hub at Leipzig/Halle Airport in Germany; it expects to handle 2,000 tons of air freight per night by 2012. … British airline **bmi** named **Transnautic Aero Poland** its cargo general sales agent for bmi's offline business in Poland, where Transnautic will use truck feeder services and flights by bmi sister company bmiBaby to connect to the carrier's main network. … Cargo general sales agent **Transnautic Aero** started 737 freighter service three times per week from Frankfurt Hahn to Moscow. … Forwarder **Panalpina** started direct freighter link between Hungary, Russia and Hong Kong, as part of its efforts to strengthen its overall network and better serve Eastern Europe. … **Cargo 2000** certified Brussels-based ground handler **Aviapartner** for meeting the standards requirements of its quality management system. … **GE Commercial Aviation Services** placed six 737 freighters with the four cargo airlines, including one to Bluebird Cargo, part of the Icelandair Group, and two to new customer, Bangalore, India-based Quik-Jet Cargo, which leased two. … **Pointer Telocation**, a producer of automatic vehicle location technology for ground fleet management, and Madrid-based consultancy **Tecnosegur** a, completed a pilot program to manage and secure passenger and cargo ground vehicle fleets at **Madrid Barajas International Airport**. … **United Airlines Cargo** appointed the **Air Logistics Group** its general sales agent in Italy, Austria, Hungary, Poland, Slovakia and the Czech Republic. … **Skycooler**, the cool container leasing company, signed its first long-term leasing contract with British Airways. … **US Airways** signed a contract with **Aviapartner Cargo** for cargo handling at the airline's 13 stations in Europe. … **Biman Bangladesh Airlines** ordered four 777-300 extended range aircraft and four 787-8s. … **Midex Airlines**, a cargo airline for the UAE, signed up for Mercator's SkyChain Lite, the new end-to-end cargo reservation and business management software system. … Canada's **Zoom Airlines** named **British Airways** its cargo handling agent for its 42 weekly flights through London Gatwick Airport. … **Maximus Air Cargo**, the Abu-Dhabi based heavylift provider, more than tripled its revenue during the first four months of 2008 to $33.43 million compared to $10.2 million in 2007. ■

PACIFIC

Manila's Outbound

UPS is decamping to China, leaving the Philippines wondering about its burgeoning economy

To lose one integrator hub may look a trifle careless, to lose several suggests a problem. China's gravitational pull is drawing UPS to the Pearl River Delta to set up a new hub for intra-Asia traffic.

As the epicenter for Asian express traffic follows the dragon, the Philippines are drifting further to the periphery of air trade lanes. Ironically this is happening after their strongest year of growth.

After six years at the former Clark Air Force Base, where it has been running its $300 million intra-Asia hub, UPS announced this spring it is going to establish a new hub facility for traffic flows within Asia at Shenzhen. The integrator's future Asian center, which has a price tag of $180 million, is scheduled to be fully operational by 2010. It is going to occupy a million square feet and will be able to process up to 18,000 pieces per hour in the initial stage, with expansion capacity to twice that amount.

by Ian Putzger

The integrator cited several reasons for the move. For one thing, transit times will be shorter, as its intra-Asian flows have shifted west over the years.

According to UPS international spokesman John Flick, management expects to shave a full day off transit time on almost 200 city pairs and anticipates later cut-off times for 150 city pairs. For 45 city pairs delivery can shift from afternoon to morning.

"UPS is now working on the routings and we do not expect increase in transit times for any major lane pairs," Flick said.

Extensive air rights for UPS operations and access to common carriage were two other factors that appealed to the integrator.

In addition, the proximity to Hong Kong means that UPS will be able to truck intra-Asian traffic to and from that metropolis, with better cut-off and delivery times.

This is where Shenzhen trumps Guangzhou in the eyes of UPS management. "Guangzhou takes too long to truck to Hong Kong to allow all ground movements," Flick said.

Bigger Brown

Perhaps more than anything else, it was the robust growth of traffic to and from China itself that prompted Big Brown to opt for the Pearl River Delta.

The decision was driven by the buoyant express package sector, but air cargo is also a strong magnet. "Since UPS began flying direct to China in 2001, we have watched the region grow exponentially, not only from a small package perspective but also in heavy airfreight," said Flick.

Over in Manila, the Filipino government felt compelled to approach UPS to discuss keeping some activities at Clark, perhaps even to relocate some functions from elsewhere in the region. According to reports citing an aide to the president of the Philippines, UPS has been asked to change the set-up at Clark to offer "logistics and supply chain solutions patterned after its facilities in Louisville."

UPS said it was exploring placing alternative facilities at Clark, adding that "the country continues to be an important market for us. We will maintain our presence in Clark and Manila and continue to use Clark as our gateway for imports and exports in the Philippines."

The worries in Manila are understandable.

A few years ago, the Philippines were the center of the Asian express world, boasting the regional hubs of UPS, FedEx and DHL. Deutsche Post's express arm has since decamped to Hong Kong, and FedEx this year is shifting its Asian hub to Guangzhou, where it has spent $150 million to set up a facility with twice the capacity of its operation at Subic Bay.

Outbound Freight

The exodus from the Philippines also extends to regular freighters. Korean Air concluded late last year that volumes in the Philippines did not justify a full 747 freighter service and combined Manila with a freighter service from its home to Singapore and Jakarta.

Lately there have been rumors that Intel is looking to move out of the Philippines.

What adds to the frustration is that all this is happening after a record year of growth. Having fallen behind many Asian rivals with annual growth of around 2 percent, the economy grew by at least 5 percent per annum for the past four years and recorded a record 7 percent increase in 2007.

Recent developments have been less inspiring, however. High fuel costs have further undermined the viability of garment exports to North America, which were already sagging as a result of the exchange rate.

According to Global Cargo Carriers, an outfit established to promote development of air cargo and logistics industries in the country, many garment exporters that used to rely on the U.S market have closed shop. On the ocean side, the Philippine International Seafreight Forwarders Association reported a visible decline in cargo volume headed for the United States during the past six months.

Shortly after the UPS announcement, the Philippines and Canada concluded a new aviation treaty that ushers in greater access for passenger airlines and unlimited cargo flights and fifth freedom rights for freighter operators.

The air cargo community in the Philippines welcomed the agreement, but they would be more delighted if international carriers were to make use of existing traffic rights.

... Briefly

International air freight traffic grew 2.1 percent in April among Asia-Pacific airlines, but carriers reduced capacity 0.3 percent from the same month a year ago, according to the **Association of Asia Pacific Airlines**. Capacity has been virtually flat for the airlines since last September. ... **DHL Express Singapore** renamed its delivery portfolio based on shipping options, calling the new services speed, destinations and weights. ... **Cathay Pacific Airways** received its first of six 747-400 extended-range freighters. ... **Japan Airlines** international freight revenue fell 1.2 percent in its fiscal year ending March 31 to $1.77 billion as traffic fell 1 percent from the previous year. The decline accelerated in the last three months of the year, with traffic falling 2.3 percent in the January-March period, including a 4.6 percent drop in March and followed by a 2.1 percent slip in April. ... Freight volume for **Hong Kong Air Cargo Terminals** expanded 6.3 percent in April and was up 6.5 percent in the first four months of 2008, including a 16.9 percent gain in transshipment cargo. ... Tonnage for **Asia Airfreight Terminals**, the No. 2 cargo handler in Hong Kong, grew 11 percent in the first quarter over last year. ... **AirBridge Cargo** launched 747 freighter service to Moscow out of Hong Kong and Shanghai. ABC also named **Indo-Trans Logistics Aviation Services** its general sales agent in Vietnam and **Eurussia Air Cargo** its GSA in Korea. ... Shenzhen-based **Jade Cargo International** wet-leased a 747-400 extended range freighter for one year to Singapore based **Jett8 Airlines Cargo**. Jade also boosted its Amsterdam-Shenzhen service to daily. ... India's **Jet Airways** began accepting dangerous goods on its international flights. ... Logistics operator **Dascher** signed a cooperation agreement with the **Gaungzho Baiyun International Airport** aimed at improving clearance and transit times for goods moving through the airport. ... **The Civil Aviation Authority of Singapore** and Certis CISCO signed a five-year contract to provide a wide range of security services at **Singapore Changi Airport**. ■

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The World's Top 50 Cargo Airports

The rapid growth in cargo traffic at airports in Asia and the Middle East may be slowing down, but the expansion remains the dominant feature on a world cargo trading map that is tilting decidedly toward the regions. The shifting global landscape comes as the cargo map in the United States is showing the impact of big changes in both the international arena and domestic shipping, leaving many second-tier airports facing declining freight numbers in the wake of an economic slowdown and capacity cutbacks by belly carriers.

The latest *Air Cargo World* list of the world's largest cargo airports, compiled from numbers from Airports Council International and the airports, shows Memphis International, home to FedEx, still at No. 1 in the world.

But Hong Kong International remains No. 1 for international air transport, and Hong Kong is edging closer to Memphis. Hong Kong's growth outpaced Memphis again last year and it was even ahead of the FedEx hub again in the first few months of 2008, putting Hong Kong in reach of surpassing the world's longtime top cargo airport.

Hong Kong's expansion comes even as government and carrier attention increasingly flows toward Hong Kong's closest competitors, the airports of Mainland China.

In Southern China, a short drive from Hong Kong, Baiyun Guangzho grew 6.4 percent last year and nearby Shenzhen was up 10.1 percent, but both will see still greater growth soon enough. FedEx's hub at Guangzho has been under construction and UPS announced this spring that it will move its intra-Asia hub to Shenzhen.

At No. 5 overall, Shanghai Pudong remains the top growth market by cargo volume, with a 15.5 percent growth, reflecting the continued potential from the world's most populated country.

Seoul Incheon remained No. 4, despite a slowdown from its primary carrier, Korean Air, as well as the threat posed by Chinese airports as alternative gateways 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 portion of that cargo.

Anchorage International, a transit stop for East-West traffic and a maintenance center for Northwest Airlines, remains at the No. 3 spot and all signs point to further growth in cargo volume at this Alaska gateway.

At No. 38, Liege, the main hub for TNT, and transit point for Atlas Air, leads year-over-year growth among the Top 50 cargo airports, with 20.6 percent increase in cargo volume, followed by Milan Malpensa Airport (16 percent) and Beijing Capital Airport (15.8 percent).

Frankfurt came in at No. 7,despite only posting a 1.9 percent growth in tonnage last year. Lufthansa and DHL Express are moving cargo to Leipzig and elsewhere and Frankfurt must contend with onerous nighttime flight restrictions that allow for only 17 flights between 11 p.m. and 5 a.m.

The bright spot for airport expansion remains the Middle East and India. At No. 13, Dubai, which has become a viable gateway for cargo to Europe and Asia and transit point for cargo from Africa, grew 11 percent in cargo volume last year. Although not yet in the Top 50, Abu Dhabi and Sharjah continue to inch up the list with 22.7 percent and 16.2 percent traffic growth in 2007, a sign that Dubai is not the only cargo center of note in the Middle East.

Freight tonnage for Mumbai and New Delhi continue to increase with 12.1 percent and 8.7 percent increases in 2007, despite an infrastructure that significantly limits long-term growth.

A disturbing trend is the continued decline in cargo volume at many U.S. gateways. Cargo volume at New York's John F. Kennedy and Newark airports declined last year 2.8 percent and 2.7 percent, respectively. Cargo volume also declined at Chicago O'Hare, Oakland and Dallas/Ft Worth.

Even more alarming is the precipitous drop in freight tonnage at the mid-size and small markets, indicating further the deterioration of the domestic air cargo market. The slides at several airports stretched into double digits and many are facing lighter traffic this year and in the future as major U.S. passenger carriers slash flights and aircraft guage.

The consolidation of DHL Express traffic onto the UPS network also will consolidate that volume at the airports served by UPS.

Cargo volume plummeted 25.7 percent at San Diego, while Charlotte-Douglas saw a 16.3 percent drop. Columbus Rickenbacker and Tampa dropped 12.1 percent and 10.6 percent, respectively, while San Jose, Calif., cargo volume was off 9.5 percent. Indiana's Ft. Wayne Airport saw a 44.6 percent drop in cargo volume, largely because of the demise of Kitty Hawk Air Cargo.

Even growth at the front running Middle East and Asia airports, whose growth in the past led the way, likely will continue to taper off until the economy improves and fuel costs become manageable. For now, any growth in freight tonnage is good news. ■

Feature Focus:
Top 50 Airports

World Rank	Airport	Country	Tonnage	Percent (%) change	Comments
1	**MEMPHIS** (MEM)	United States	3,840,574	4.0	The main hub and headquarters for FedEx Express is also a regional passenger hub for Northwest Airlines
2	**HONG KONG** (HKG)	China	3,772,673	4.5	Third cargo terminal to be finished in 2011; an Asia hub for DHL and main hub for Cathay Pacific/Dragonair.
3	**ANCHORAGE** (ANC)	United States	2,826,499	0.6	Figures include transit cargo; a major trans-Pacific transit point for carriers including FedEx, UPS, Northwest
4	**SEOUL INCHEON** (ICN)	South Korea	2,555,582	9.4	Hub for Korean Air; centerpiece of government plan to foster Asia logistics business
5	**SHANGHAI PUDONG** (PVG)	China	2,494,808	15.5	Secondary hub for freighter operator Great Wall Airlines China Eastern hub; UPS China base
6	**PARIS DE GAULLE** (CDG)	France	2,297,896	7.8	Main hub for Air France; a European hub for FedEx and La Poste
7	**TOKYO NARITA** (NRT)	Japan	2,252,654	(1.2)	Hub for Japan Airlines and gateway for Northwest Airlines Cargo
8	**FRANKFURT** (FRA)	Germany	2,169,025	1.9	Hub for Lufthansa Cargo; manager Fraport also runs nearby Frankfurt Hahn Airport; Main air hub for UPS
9	**LOUISVILLE** (SDF)	United States	2,078,290	4.8	Main air hub for UPS, now taking on DHL Express domestic U.S. traffic
10	**MIAMI** (MIA)	United States	1,922,982	5.0	Main gateway for U.S.-Latin America traffic; a regional hub for American Airlines
11	**SINGAPORE** (SIN)	Singapore	1,918,159	(0.7)	Home to Singapore Airlines; Swissport opened cargo terminal in 2005 as third freight handler at Singapore Changi
12	**LOS ANGELES** (LAX)	United States	1,877,876	(1.5)	Largest U.S. trans-Pacific gateway; FedEx has largest single share of cargo, all domestic; Korean Air is largest international carrier
13	**DUBAI** (DXB)	United Arab Emirates	1,668,506	11.0	Emirates base; Dubai Cargo Village being expanded
14	**AMSTERDAM SCHIPHOL** (AMS)	Netherlands	1,651,385	5.4	Hub for KLM; AirBridge Cargo, Jade Cargo; hosting TIACA Air Cargo Forum in 2010
15	**TAPEI** (TPE)	Taiwan	1,605,681	(5.5)	Base for EVA Airways and China Airlines M

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AIRBUS

World Rank	Airport	Country	Tonnage	Percent (%) change	Comments
16	**NEW YORK KENNEDY** (JFK)	United States	1,595,577	(2.8)	The largest U.S. trans-Atlantic gateway; American Airlines holds more than 10 percent of cargo market, FedEx 9 percent.
17	**CHICAGO O'HARE** (ORD)	United States	1,524,419	(2.2)	Main hub for United Airlines; controversial proposal to add third Chicago region airport under consideration Emirates base; Dubai Cargo Village being expanded
18	**LONDON HEATHROW** (LHR)	United Kingdom	1,395,909	3.9	British Airways hub
19	**BANGKOK** (BKK)	Thailand	1,220,001	3.2	Thai Airways hub; the new Bangkok Suvarnabhumi International Airport replaces Don Muang airport
20	**BEIJING** (PEK)	China	1,191,048	15.8	Main base for freighter oprator Great Wall Airlines, and for Air China Cargo
21	**INDIANAPOLIS** (IND)	United States	1,056,517	1.2	The second-largest FedEx Express U.S. hub
22	**NEWARK** (EWR)	United States	943,174	(2.7	Continental Airlines hub; FedEx regional hub
23	**LUXEMBOURG** (LUX)	Luxembourg	856,740	14.0	Cargolux hub
24	**TOKYO HANEDA** (HND)	Japan	851,551	1.7	Mainly domestic but fourth runway in 2009 to add international Asia flights
25	**OSAKA** (KIX)	Japan	845,996	0.5	Freighters from FedEx, UPS and NCA;
26	**BRUSSELS** (BRU)	Belgium	728,689	2.1	Base for Cargo B freight airline
27	**DALLAS/FT WORTH** (DFW)	United States	724,957	(3.5)	American Airlines hub and regional hub for UPS; Cathay Pacific, KLM have added freighter flights
28	**ATLANTA** (ATL)	United States	720,209	(3.5)	Harsfield-Jackson is world's busiest passenger airport and a Delta Air Lines hub
29	**COLOGNE** (CGN)	Germany	710,244	2.8	UPS Europe hub
30	**GUANGZHO** (CAN)	China	694,923	6.4	China Southern base; construction of FedEx intra-Asia hub to be completed in 2008; picked by UPS as new intra-Asia hub UPS Europe hub
31	**KUALA LUMPUR** (KUL)	Malaysia	648,015	(3.7)	MASKargo; hosting TIACA Forum 2008
32	**OAKLAND** (OAK)	United States	647,613	(2.9)	FedEx regional hub

World Rank	Airport	Country	Tonnage	Percent (%) change	Comments
33	**SHENZHEN** (SZX)	China	616,058	10.1	Jade Cargo, FedEx, Lufthansa Cargo
34	**SAN FRANCISCO** (SFO)	United States	560,501	(5.8)	United Airlines hub; Cargolux service
35	**PHILADELPHIA** (PHL)	United States	543,450	1.9	UPS regional hub
36	**MUMBAI** (BOM)	India	536,432	12.1	Jet Airways, Kingfisher Airlines, Cathay Pacific freighters Air Canada hub, Canada's largest airport undergoing 10-year improvement plan, including new infield cargo terminal
37	**TORONTO** (YYZ)	Canada	511,388	1.0	Air Canada hub, Canada's largest airport undergoing 10-year improvement plan, including new infield cargo terminal Varig; United Airlines
38	**LIEGE** (LGG)	Belgium	489,746	20.6	TNT Express main European hub; tonnage has doubled since 1999.
39	**SAO PAULO** (GRU)	Brazil	488,485	(1.5)	Varig Logistics; United Airlines
40	**MILAN MALPENSA** (MXP)	Italy	486,169	16.0	Alitalia MD-11 freighters, including new cargo flights this year to Miami; tied with Frankfurt among all European airports for first in annual Excellence survey
41	**ONTARIO** (ONT)	United States	483,310	(1.9)	UPS regional hub, including China flights; UPS with 70 percent tonnage share, FedEx 23 percent
42	**NEW DELHI** (DEL)	India	432,961	8.7	Blue Dart Express base; Jet Airways; Air India Philippine Airlines hub
43	**MEXICO CITY** (MEX)	Mexico	411,385	(1.3)	Aeromexico; American Airlines; Estafeta Cargo
44	**HOUSTON** (IAH)	United States	410,632	0.8	Continental Airlines hub
45	**JAKARTA** (CGK)	Indonesia	399,381	4.0	Garuda Indonesia
46	**COPENHAGEN** (CHP)	Denmark	395,506	4.1	Freighter tonnage grew 7.6 percent
47	**SHANGHAI HONG QIAO** (SHA)	China	388,815	6.9	Shanghai's older, second airport
48	**MANILA** (MNL)	Philippines	387 154	(5.6)	Philippine Airlines hub
49	**BAHRAIN** (BAH)	Bahrain	378,672	5.6	Gulf Air hub Shanghai's older, second airport
50	**TOLEDO** (TOL)	United States	361,846	2.4	BAX Global U.S. hub

Source: Airports Council International, airport reports

Europe Top 40

Europe's top 40 cargo airports in 2007 (in tonnes)

World Rank	Airport	Country	Tonnage	% change
6	**PARIS DE GAULLE** (CDG)	France	2,297,896	7.8
8	**FRANKFURT** (FRA)	Germany	2,169,025	2.0
14	**AMSTERDAM** (AMS)	Netherlands	1,651,385	5.4
18	**LONDON HEATHROW** (LHR)	U.K.	1,395,909	3.9
23	**LUXEMBOURG** (LUX)	Luxembourg	856,740	14.0
26	**BRUSSELS** (BRU)	Belgium	728,689	2.1
29	**COLOGNE** (CGN)	Germany	710,244	2.8
38	**LIEGE** (LGG)	Belgium	489,746	20.6
40	**MILAN MALPENSA** (MXP)	Italy	486,169	16.0
46	**COPENHAGEN** (CPH)	Denmark	395,506	4.1
53	**MADRID BARAJAS** (MAD)	Spain	356,427	(1.0)
55	**ISTANBUL** (IST)	Turkey	341,514	14.7
60	**EAST MIDLANDS** (EMA)	U.K.	304 853	1.2
63	**ZURICH** (ZRH)	Switzerland	290,653	3.4
69	**MUNICH, DE** (MUC)	Germany	265 607	(0.7)
80	**LONDON STANSTED** (STN)	U.K.	228,759	(6.9)
86	**VIENNA** (VIE)	Austria	205,045	1.6
95	**LONDON GATWICK** (LGW)	U.K.	176,807	(19.7)
98	**MANCHESTER** (MAN)	U.K.	166,438	10.0
102	**ROME** (FCO)	Italy	154,439	(6.1)
107	**HELSINKI** (HEL)	Finland	139,328	3.3
109	**MILAN LINATE** (BGY)	Italy	133,941	(4.0)
110	**MOSCOW DOMODEDOVO** (DME)	Russia	133,662	5.8
112	**MOSCOW SHEREMETYEVO** (SVO)	Russia	128,152	5.4
117	**STOCKHOLM ARLANDA** (ARN)	Sweden	122,922	10.5
118	**ATHENS** (ATH)	Greece	118,959	(1.0)
122	**HAHN** (HHN)	Germany	111,687	(0.5)
124	**OSTEND-BRUGES** (OST)	Belgium	108,952	10.6
125	**DUBLIN** (DUB)	Ireland	107,921	(7.5)
127	**BARCELONA** (BCN)	Spain	100,009	1.3
130	**OSLO** (OSL)	Norway	97,310	7.9
132	**PARIS ORLY** (ORY)	France	94,920	(0.4)
133	**LISBON** (LIS)	Portugal	94,693	(4.8)
139	**HAMBURG** (HAM)	Germany	86,997	5.3
142	**LIEPZIG** (LEJ)	Germany	85,361	NA
161	**LILLE** (LIL)	France	68,413	8.0
169	**GOTEBORG** (GOT)	Sweden	61,790	3.6
170	**KEFLAVIK** (KEF)	Iceland	61,534	(0.4)
174	**BUDAPEST** (BUD)	Hungary	58,885	(9.6)
176	**BILLUND** (BLL)	Denmark	58,612	4.7

Source: Airports Council International, airport report

North America

North America's top 40 cargo airports in 2007 (in tonnes)

World Rank	Airport	Tonnage	% change
1	**MEMPHIS** (MEM)	3,840,491	4.0
3	**ANCHORAGE** (ANC)	2,825,511	0.6
9	**LOUISVILLE** (SDF)	2,078,947	4.8
10	**MIAMI** (MIA)	1,922,982	5.0
12	**LOS ANGELES** (LAX)	1,884,317	(1.2)
16	**NEW YORK KENNEDY** (JFK)	1,595,577	(2.8)
17	**CHICAGO O'HARE** (ORD)	1,524,419	(2.2)
21	**INDIANAPOLIS** (IND)	1,056,517	1.2
22	**NEWARK** (EWR)	943,174	(2.7)
27	**DALLAS/FT WORTH** (DFW)	724,957	(3.5)
28	**ATLANTA** (ATL)	720,209	(3.5)
32	**OAKLAND** (OAK)	647,613	(2.9)
34	**SAN FRANCISCO** (SFO)	560,501	(5.8)
35	**PHILADELPHIA** (PHL)	543,285	1.9
37	**TORONTO** (YYZ)	511,388	0.1
41	**ONTARIO, CALIF.** (ONT)	483,310	(1.9)
44	**HOUSTON** (IAH)	410,632	0.8
50	**TOLEDO** (TOL)	361,846	2.4
52	**WASHINGTON DULLES** (IAD)	358,526	2.2
57	**SEATTLE-TACOMA** (SEA)	319,582	(6.5)
61	**BOSTON** (BOS)	298,046	(8.3)
70	**DENVER** (DEN)	260,287	(7.7)
71	**PHOENIX** (PHX)	256,817	(10.5)
73	**PORTLAND** (PDX)	254,744	(0.8)
75	**MINNEAPOLIS/ST PAUL** (MSP)	249,759	(9.3)
76	**ALLIANCE** (AFW)	235,062	13.8
82	**DETROIT** (DTW)	214,152	(3.8)
83	**VANCOUVER** (YVR)	223,267	0.1
88	**ROCKFORD** (RFD)	214,094	7.5
89	**ORLANDO** (MCO)	196,771	2.5
94	**SALT LAKE CITY** (SLC)	177,686	(2.0)
101	**HARTFORD/SPRINGFIELD** (BDL)	162,930	(2.4)
102	**MONTREAL-TRUDEAU** (YUL)	156,947	2.4
106	**WINNIPEG** (YMG)	148,601	(0.1)
107	**SAN DIEGO** (SAN)	140,308	(25.7)
109	**CHARLOTTE** (CLT)	139,693	(16.3)
110	**FORT LAUDERDALE** (FLL)	137,219	(7.4)
111	**CALGARY** (YYC)	134,250	5.5
115	**SAN ANTONIO** (SAT)	127,808	(0.8)
116	**KANSAS CITY, MO** (MCI)	127,620	(5.5)

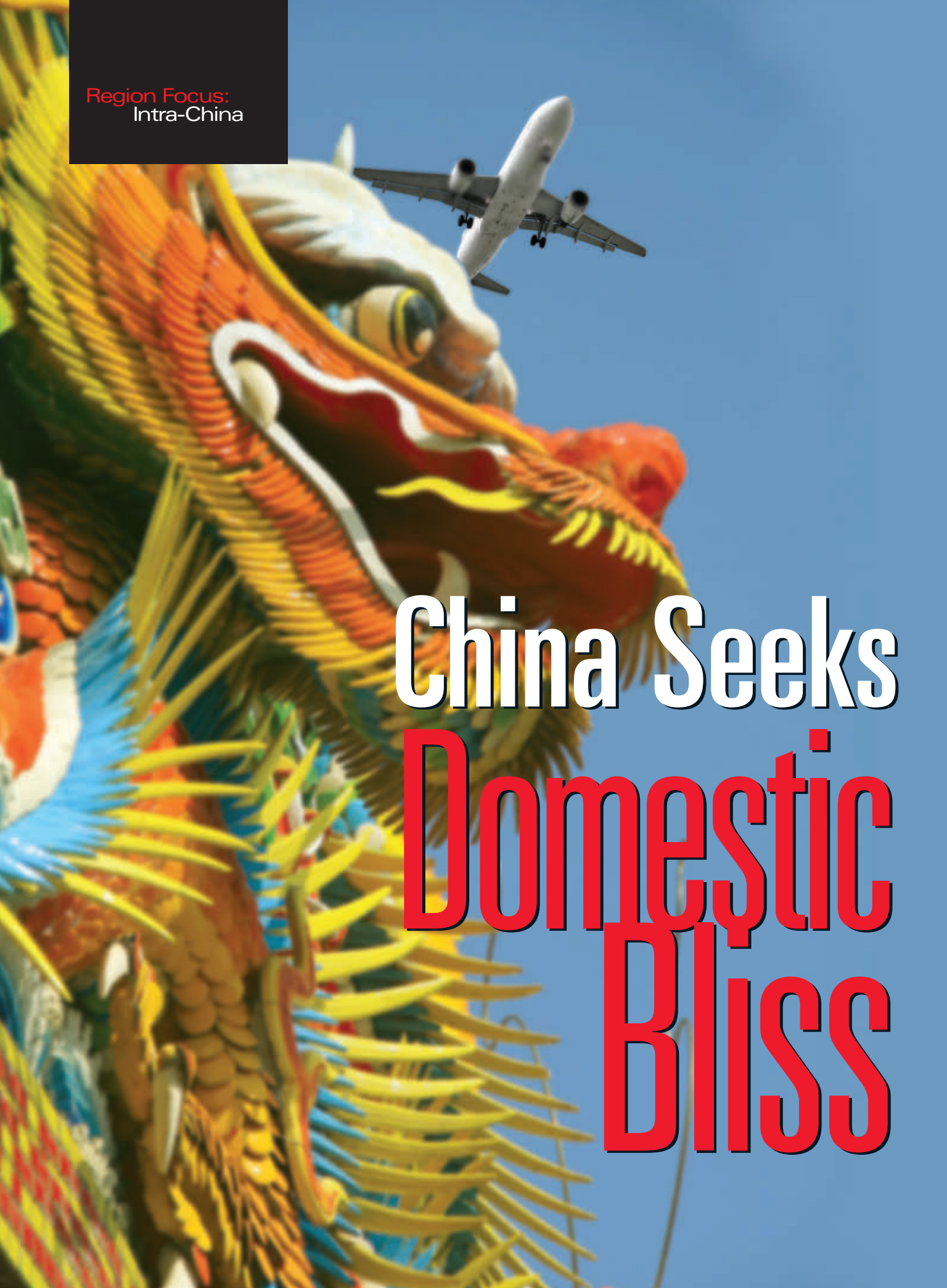
Source: Airports Council International, airport reports

Asia Top 25 Airports

Asia's top 25 cargo airports in 2007 (in tonnes)

World Rank	Airport	Country	Tonnage	% change
2	**HONG KONG** (HKG)	China	3,772,673	4.5
4	**SEOUL INCHEON** (ICN)	Korea	2,555,582	9.4
5	**SHANGHAI PUDONG** (PVG)	China	2,494,808	15.5
7	**TOKYO NARITA** (NRT)	Japan	2,252,654	(1.2)
11	**SINGAPORE CHANGI** (SIN)	Singapore	1,918,159	(0.7)
15	**TAIPEI** (TPE)	Taiwan	1,605,681	(5.5)
19	**BANGKOK** (BKK)	Thailand	1,220,001	3.2
20	**BEIJING** (PEK)	China	1,191,048	15.8
24	**TOKYO HANEDA** (HND)	Japan	851,551	4.3
25	**OSAKA** (KIX)	Japan	845,996	0.5
30	**GUANGZHOU** (CAN)	China	694,923	6.4
31	**KUALA LUMPUR** (KUL)	Malaysia	648,015	(3.7)
33	**SHENZHEN** (SZX)	China	616,058	10.1
46	**JAKARTA** (CGK)	Indonesia	384,050	11.5
47	**SHANGHA HONG QIAO** (SHA)	China	388,815	6.9
48	**MANILA** (MNL)	Philippines	387,154	(5.6)
56	**CHENGDU** (CTU)	China	328,429	11.1
62	**FUKUOKA** (FUK)	Japan	292,671	0.1
64	**NAGOYA** (NGO)	Japan	276,377	(10.0)
67	**SAPPORO** (CTS)	Japan	274,253	2.7
74	**NAHA** (OKA)	Japan	249,870	5.2
78	**KUNMING** (KMG)	China	232,647	6.1
84	**JEJU** (CJU)	Korea	223 379	(12.8)
85	**PENANG** (PEN)	Malaysia	208,826	(7.6)
89	**XIAMEN** (XMN)	China	193,625	10.6

Source: Airports Council International



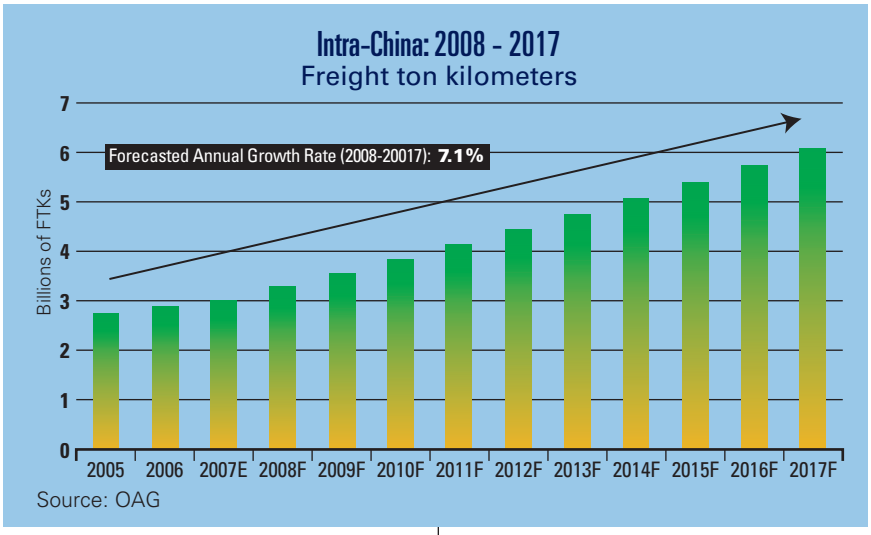
China Seeks Domestic Bliss

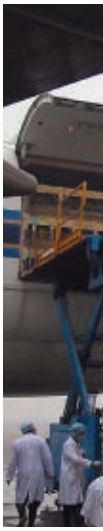
Forwarders and shippers say demand for intra-China transport is growing, but capacity is lagging behind

by Ian Putzger

The dragon hasn't been soaring quite as high over the past 18 months. China's seemingly insatiable appetite for air freight capacity to North America and Europe is no longer guaranteeing stellar yields for airlines, as capacity out of the major gateways has grown faster than demand. Several carriers, including notables such as Air Canada or Northwest Airlines, have even pulled capacity out of the market.

By contrast, China's domestic sector appears to be a bonanza waiting to be fully tapped. Growth rates have been strong and are expected to keep their momentum, drawing more carriers into a market with a population estimated at 1.3 billion people.





Jingli Zhang, head of Beijing-based express provider BPS Global said that China's express business grew well in excess of 10 percent last year, "probably close to 20 percent."

By Boeing's measure, China's domestic air freight market has grown 20 percent a year since 1990 and should reach $3.35 billion in 2010. The Civil Aviation Administration of China projects the country's airports will process 11.8 million metric tons in 2010, with an average annual growth rate slightly south of 14 percent.

According to Airbus, China will need some 130 new freighters over the next two decades to cope with the increase in traffic during that period. The plane maker's analysts forecast China's international market to grow 8.5 percent a year on average, while the domestic sector should show annual average growth of 10.5 percent. Boeing predicts 10.8 percent annual growth for China's domestic air cargo market over the next 20 years.

Over the next decade some 48 new major airports are expected to become operational, adding to the existing 130 around China today. The government has ambitious plans to maintain that momentum beyond 2018.

Beijing is looking to spend $64 billon on infrastructure developments focused on building air cargo traffic.

This spring, the central government unveiled its long-term plans to develop air cargo. The document calls for the construction of 97 new airports, consolidation of some smaller airports and upgrading some existing ones — namely the major hubs — between now and 2020.

Under the plan, Guangzhou Baiyun and Shanghai Pudong will be upgraded to fulfill greater their strong potential as international cargo hubs. Beijing should get a second airport, with the capital's existing one to be developed into an international cargo gateway.

In central China, the government intends to upgrade Wuhan and Zhengzhou into regional centers, while Shenyang has been earmarked as the major hub in northeastern China. Other key hubs in the network will be the airports at Chengdu, Chongqing, Urumqi and Kunming.

So far, China's domestic market is dominated by home grown players, but the major multinational operators are finding it increasingly difficult to resist the siren call of the market.

"It's quite a key point in our growth strategy. It's a small number today, probably 4 to 5 percent of our volume, but it is growing," said Andrew Jillings, chief executive officer for China of Schenker.

Armed with domestic air freight licenses for 17 cities, DHL Global Forwarding launched a intra-China forwarding network at the start of last year. This year it added branches in Changsha, Hefei and Changshun. Through partnership agreements, the network now includes 40 cities.

This year, DHL Global Forwarding intends to set up four hubs for domestic air freight transit, according to Steve Huang, country manager for China. By 2013, the company wants

to have altogether 30 licenses to cover 70 cities.

FedEx struck an alliance with budget carrier Okay Airways, which had earlier flirted with Korean Air Cargo, and established a hub in Hangzhou last spring. At the end of May 2007, the integrator was ready to launch its own domestic China express service with a next-business-day, time-definite offering and a 48-hour day-definite service available in 30 and over 200 cities respectively. Three 737 freighters operated by Okay are the backbone of the operation.

Airbus estimates China's freighter fleet will grow 11-fold over the next 20 years. Forwarders would love to see this happen, and better tomorrow than the day after, as freighter lift is scant at the moment.

"With the exception of some routes, there is no maindeck capacity available," said Robert Timmerman, regional chief executive for Greater China at Panalpina.

The integrators and their contract airlift providers such as Okay or Yangtze River Express, which flies for UPS, have shown little inclination to make capacity available to the forwarding community, agents reported.

Jade Cargo International and Great Wall Airlines, the joint venture freighter carriers backed by international carriers, are likewise not active in the domestic market at the moment, although they do fly some intra-China sectors. BPS Global uses China Post Airlines on a regular basis. "They have some capacity for the market, and their departure times suit express shipments well," said Zhang.

By his estimate, well over 90 percent of China's domestic air freight moves in bellyholds of passenger planes. The distribution of that lift is rather lopsided, however. There is ample widebody capacity on the trunk routes connecting the major hubs, but on most other sectors the passenger airlines are using narrowbody equipment.

"Capacity constraints are a fact of life," said Timmerman.

He said infrastructure in China's interior needs improvements, and operators face concerns over runway capacity and security issues to cargo terminals and customs clearance capabilities. Outside the major hubs, "many

Tracking Competition

It's generally accepted that soaring fuel costs are prompting shippers and forwarders to shift traditional air freight goods to ocean for international but some believe there could be a more surprising modal shift in the domestic China market.

"In view of oil price increases, we expect air freight's share will be eaten away step by step by rail transportation," Tobias Lubecki, a spokesman for Jade Cargo International. "Rail transport speed keeps increasing."

Forwarder investment in rail transport has been growing in Europe and officials there and in Asia say that is both because of cost and the state of road infrastructure, where congestion can slow down goods on highways.

China has many thousands of miles of highways under construction but rail transport is largely seen as a more dependable, and secure, method of shipping.

Road feeder systems exist in major economic regions, said Lubecki, but connections between gateways and many points are not nearly as regular as rail.

For Jade, linehaul connections with domestic carriers have been problematic.

"Commercially, the very low international inbound revenue will not provide additional profit when connecting the domestic flights because of the additional terminal and handling costs involved," he said.

Even then, the carriers would have to deal with freight moving from widebody 747s to the smaller 737s. "Operationally, it is difficult to connect the main deck freight to the belly capacity of domestic pax flights, which is unattractive in terms of efficiency," Lubecki said.

International freight carriers could set up their own domestic feeder operation, of course, but that likely would need intra-China service to make economic sense and Jade has a very specific amount of domestic freight it is interested in: "I would say zero, as Jade doesn't really focus on the intra-China market," said Lubecki. ■

warehouse facilities are still below standard and the security may be considered weak at some airports. However, the airports are currently upgraded in many cities, involving high investments in cargo terminals," he said.

The airlines' service levels also come in for some criticism. For one thing, product diversification is still in its infancy. The airlines offer only standard airfreight service so far, although some have started looking at premium offerings, Zhang said. He also bemoaned the lack of electronic tracking capabilities. "Domestic track-and-trace is very poor; it's in the early stage. We normally have to call the airlines, again and again," he said.

To some extent, forwarders are filling the gaps in China themselves.

DHL Global Forwarding offers its customers on-line tracking and electronic proof of delivery, but "e-booking still needs time to be worked out in the China market," Huang said.

Due to the lift constraints, international forwarders truck most of their air freight to and from the major gateways. "Unless you put in a freighter — like for Dell in Xiamen — the cargo will be trucked to the likes of Guangzhou or Hong Kong," Jillings said.

Air freight trucking is not exactly free from challenges. Timmerman cites several, from licensing issues to a fragmented market with many local heroes but no provider that covers the entire country. In addition, truckers' service levels are rather patchy, despite improvements in recent years, Jillings said.

DHL Global Forwarding intends to build up its trucking offerings as well as a rail freight service. Panalpina launched a rail-air product from China to Europe last year, which moves freight from Chinese origin points by rail to Urumqi for dedicated freighter flights to Luxembourg.

"Rail solutions become more and more interesting since the railway has a longstanding tradition in China and the government is heavily investing in railway infrastructure," Timmerman said.

International cargo from second- or third-tier points of origin is rarely flown directly, and seldom to an international Chinese gateway. Besides capacity issues, such ambitions are hampered by red tape. "Through masters are not always viable for example from Chengdu to Shanghai because goods are customs cleared in Shanghai for export and need to be deconsolidated in Shanghai," said Timmerman.

For the foreseeable future, forwarders will have to continue to navigate through these issues. The large Chinese carriers have undergone little change over the past year, Huang reported. For the most part, they have been too busy building up their passenger networks to concentrate much on cargo, be it in the domestic or the international arena.

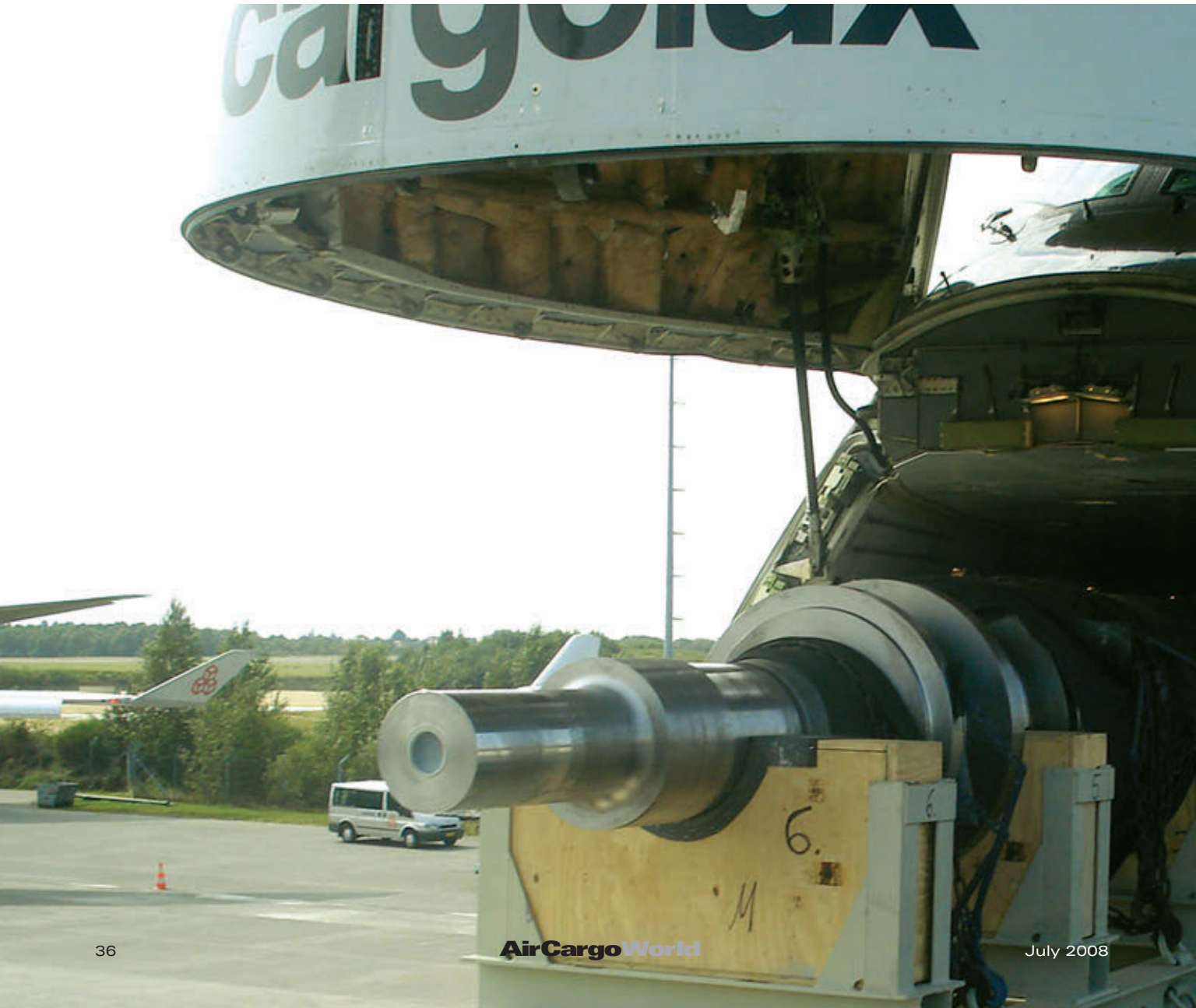
In this situation, many forwarders would welcome new freighter flights.

Zhang sees scope for more freighter activities in China, but he is not expecting any quick solution.

Even if the focus in airline boardrooms and the equipment were there tomorrow, the industry would still have to contend with the shortage of pilots that has been bugging China and derailed the expansion plans of Jade a year ago. It took the Shenzhen-based freighter airline about a year to get enough pilots to fully operate its six 747-400 extended-range freighters.

However, having coped for a long time with only a fraction of its fleet, Jade announced in May it would wet-lease one aircraft for a year to Singapore-based Jett8. Apparently this looked more appealing than boosting Jade's international network or tackling China's domestic market, regardless of its long-term promise. ■

A resource-rich region may provide new opportunities to outsize cargo carriers, but it's unclear how much



Super-Sizing Canada

by Carolyn Heinze

Launch into a conversation about business activities in Canada's Northwest and you're bound to conjure up images of the late 1800s when burly, adventurous gold diggers flocked to the region in the quest for buried treasure. These days, the country's vast supply of natural resources is helping to cushion the blow of a weak global economy, and much of this is thanks to both oil and diamonds.

There are a number of factors that make Canada an attractive destination on both fronts — especially for its closest neighbor and largest trading partner, the United States. Whereas at one time, extracting crude oil from the nation's northern tar sands was an unprofitable venture, the technologies now exist to do so in a far more cost-effective manner, and purchasing black gold from a country that boasts a stable political climate and good international relations is appealing to foreign buyers.

The same can be said for the diamond industry, whose reputation has been marred by the infamous 'blood diamonds' that help fund the terror and war campaigns that ravaged countries like Sierra Leone. Not only are they 'clean' politically, but Canada's diamonds are also recognized for their high quality. Over the course of the last decade, several mines have been established in the Arctic regions of the

Northwest Territories and Nunavut — operations expected to reap considerable results for the next 20 years.

All of this points to significant business potential to Canada's outsize cargo industry, which is facing increasing demand to extract the resources that are in large part responsible for the nation's reigning status as one of the richest in the world. A project cargo industry that has been focused over the years on Africa, the Middle East and Russia increasingly is pointing toward the thinly populated northern region of Canada.

The problem is that although everyone agrees that demand for outsize cargo flights is outweighing supply, there are few hard numbers to back these arguments up.

"Data is always a substantial problem in Canada, and certainly in this area because it's such a niche area, and there are only a few private operators," said David Gillen, professor of transportation policy at the Center for Transportation Studies at the Sauder School of Business, University of British Columbia in Vancouver, B.C.

"Traditionally in Canada, unlike the United States, United Kingdom, Australia and the EU in general, information is not easily or readily available."

Specific numbers may be hard to come by, but Adrian Pruden, operations manager for Pentagon Freight Services in Calgary, Alberta, said there are weekly outsize cargo activities, including Antonov flights, at the city that has become the center of Canada's oil boom.

"It ranges from everything to small parts and crates to compressors and vessels," he said.

For Antonov aircraft, freight forwarders source from Volga-Dnepr and Polet Cargo Airlines, and Cargolux offers service on a 747-400 freighter direct out of Calgary. "It's something that can be quite challenging at times for us in the local market, because the aircraft availability is not readily here," Pruden said. "We often have to source aircraft from Europe, which bumps the pricing up for our clients."

Pruden said space is a major challenge, and it's necessary for freight forwarders to move shipments by ground — often to Chicago or farther — to meet outsize cargo flights into Europe. "The frequency of flights with Cargolux, for example, is only three times a week," he said. "Of course, you've got multiple freight forwarders that are vying for space on that, and bookings can be difficult at times."

Common sense suggests the projected reserves that exist in Canada's Arctic, in combination with rising oil prices, would result in a growing outsize cargo business. How to capitalize on this situation is another question.

"One of the problems, particularly with outsized cargo, is that in Canada, we really don't have a handle on its potential, how large it really is," said Barry Rempel, president and CEO of the Winnipeg Airports Authority in Manitoba. "It's very difficult to show an air carrier what the potential market would be here for out-sized cargo. What ends up happening is, wherever possible, it ends up going by road or rail. In many scenarios, we can't make a good business case for it."

The changing climate is also presenting a number of challenges to not only air travel, but also any ground components offered by shippers, as the periods during which the Arctic ice roads that freight operators rely upon are shrinking.

"North of Edmonton, the number of roads that can be used is relatively small," Gillen said. "One of the things that we are finding is that the winter roads that use the frozen tundra and lakes are becoming less usable and for shorter periods of time because the changes in weather patterns that are going on."

Gillen predicts that this will result in greater movement of outsize cargo by sea — at least to staging points, where it can then be transported into areas of exploration — especially since Arctic waters are opening up for longer periods of time each year, thanks once again to global warming.

"It's much more logical to move it by ship or barge along the Mackenzie River, or by air," he said.

Gillen said it is unclear whether the outsize cargo business serving the diamond mining industry will grow as quickly as the oil and gas business.

Diamond mining is an area that is much more difficult for this out-sized category, because this is going into areas that are fairly remote, which are accessible only by helicopter, and there are relatively few kinds of helicopters that can move this kind of equipment," he said. "You're looking at a multiple-stage activity, where you are moving this equipment to a point where something like the Sikorsky could move something to a site. However, it's getting pretty expensive to do those kinds of things."

Gillen estimates Canada's cargo industry moves at about three times the rate of the GDP.

Outsize cargo, however, is just one small part of this business, and due to lack of hard data, it's unclear as to

whether this same rate applies to it. Because there are few outsize cargo carriers in Canada, most outsize cargo flights are chartered. "This is in part because it traditionally has been relatively spotty – there hasn't been a continuous demand," Gillen said.

Only a couple of carriers, such as Polet Cargo Airlines and Air North, provide these services. "Now there are going to be increases in the amount of exploration going on, and there may be an opportunity for an existing carrier to expand its presence, or for another player to enter the market because there will be a much more continuous demand, and so the investment will start paying off," he said.

Air cargo airlines know the potential in Northern Canada. AirBridgeCargo, part of the Volga-Dnepr Group, recently won an Air Operator's Certificate from Transport Canada.

The AOC gives the airline the ability to fly "to and from Canada in the future," said Denis Ilyin, senior vice president of strategy and commercial.

One development that could contribute to expaning existing freighter operations in outsize cargo offerings is related to passenger transport.

With its sparse population across a wide geographic range, Canada has seen passenger transportation shift toward regional aircraft. Because these aircraft are incapable of carrying any amount of freight, the cargo that was once carried in the bellies of aircraft is now being transported by freighter operations.

"As freighter carriers have that kind of a base to draw upon for their own business plan, it means that they are now available to do more out-sized cargo as well," Rempel said. "Their base is no longer just relying on the odd out-sized shipment; now they have a base in many of these communities, particularly in Western Canada, where there are very long distances and smaller population bases.

"They have access to that base of freight that allows a freighter operator to be successful, and to be there for the out-sized cargo demand."

There are, however, numerous jurisdictional issues that worry potential investors that consider establishing regular outsize cargo operations.

Last summer, when Russia planted a flag on the Arctic floor, it hinted at the territorial discussions Russia will have with, Canada, Norway, the United States and Denmark (through Greenland), as oil exploration efforts expand. "This means that no firm will invest a great deal of capital until Canada establishes exactly where it does have jurisdictional authority," Gillen said.

Canada continues to face the added challenge of ongoing native land claim talks. How the federal government decides to draft its policies on who can provide outsize cargo services to its oil and mining industries is a real concern.

Said Gillen, "An American or Russian firm coming in and offering these kinds of services to far north positions is unlikely to me, given how conservative the current government policy is, and how it moves at a slow, if not at a glacial, pace. You are not going to see a lot of foreign players entering this market."

This could result in a steady increase in demand without the sufficient capacity to service shippers.

"As the price of oil continues to be strong, our Canadian Western oil industry is going to continue to boom," said Ruth Snowden, executive director of the Canadian International Freight Forwarders Association. "There are very strong projections for the oversized air cargo business to support the oil and gas industry and our Fort McMurray Oil Sands project. We have increasing volumes and decreasing capacity." ■

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People

Airlines

AirBridgeCargo: The scheduled cargo airline of the Volga-Dnepr Group appointed **Ludwig Hamburger** regional director for Europe, the Middle East and Africa. Hamburger, a 25-year industry veteran, was regional manager of Europe for Air New Zealand before coming to ABC.


Gerdes

ABX Air: The cargo airline named **Mike Gerdes** senior vice president of flight operations, replacing Robert Morgenfeld, who retired. Gerdes, 50, is a 20-year flight captain who had been at ATA Airlines, where he was vice president of flight operations. He also flew for Pan Am, Eastern Airlines and Comair and had been a chief pilot and a fleet manager.


Bradley

Active Aero: The cargo charter specialist named **Angela Bradley** to the new position of marketing manager. Bradley, 37, joined the Michigan-based company in 2006 as a marketing coordinator and was promoted to marketing communications specialist. She was earlier at Banta Direct Marketing.

Aloha Airlines: Shipping management and investment company, Saltchuk Resources named **Michael P. Coffman** chief operating officer for Aloha Airlines air cargo operation, which the Seattle-based company acquired for $10.5 million. Coffman, a former FedEx executive, will handle the day-to-day operations of the renamed Aloha Air Cargo, a division of Saltchuk subsidiary Aeko Kula.

United Airlines: United Cargo named **Laurent Bernet** regional cargo sales manager based in Paris for France, the Benelux, Italy, the Middle East and the Indian sub-continent. Bernet started at United in 1994 in international passenger sales. He moved into cargo in 1998 and was most recently a regional account executive for the U.S. Central region.

South African Airways: SAA Cargo appointed **Jasprett Bamrah** cargo manager for the United Kingdom and Ireland, following the retirement of Mick Rowley. Bamrah, who will be based at London Heathrow, worked for SAA Cargo for eight years, most recently as a sales account executive.

British Airways: BA World Cargo named **Faisal Yaqoob** country manager for Bangladesh. Yaqoob, who has worked for BAWC since 2004, will oversee all commercial and customer service in Pakistan.

Integrators

FedEx: The carrier promoted **Brian D. Philips** to president and CEO of FedEx Kinko's. Phillips was executive vice president and chief operating officer of the division and had been acting CEO since the departure March 31 of Kenneth May, who had been CEO for two years. Philips joined FedEx in October 1993. He served as vice president of U.S. marketing at FedEx Services.

Third Parties

Pilot Freight Services: The Pennsylvania-based forwarder named longtime company executive **Frank Perri** to the new position of executive vice president of franchise development. Perri, who has worked at Pilot for over 21 years, began his career


Perri

at the company as a vice president of national accounts and later was senior vice president of sales and marketing and most recently executive vice president.


Maready

Mallory Alexander International Logistics: The Memphis-based forwarder, named **Terry Maready** chief information officer. Maready had been vice president and chief technology officer of Aegis Communications Group, a provider of business process outsourcing services. He worked earlier at Mark VII Transportation, now Exel Transportation Services, where he was corporate senior director of the technology and global freight management division.

Schenker: The logistics operator named **Thomas C. Lieb** chairman of the board of management. Lieb, 49, will remain responsible for the Air/Ocean Freight division as well as for the Asia-Pacific and America regions. At the same time, Schenker named **Karl Nutzinger** to the board with responsibility for Europe and the European land transport business unit effective Jan. 1. He succeeds Hans-Jörg Hager, who resigned. Nutzinger, 50, was chairman of the Wincanton in Germany. He earlier was chief executive officer of Geologistics in London from 2003 until 2006 and before that was regional director for Central Europe for Schenker.

Wincanton: The British contract logistics operator named **Erik Groot Wassink** managing director in the Netherlands. Wassink has been with Wincanton since 1988 and was most

recently in charge of network forwarding in Heerenberg.

Logwin: The German operator formerly known as Thiel Logistik named **Volker Hoebelt** director of global air freight. Hoebelt, 43, will try to optimize processes and cooperation with core carriers and will hold the position in addition to his role as director of global sales and marketing for air and ocean.

Seko Synergy: The forwarder named Ian Richardson managing director of its new Greater China office, based in Hong Kong. Richardson has 15 years experience in the industry, most recently at UPS Supply Chain Solutions.


Butera

Textron: The aircraft finance company named **Angelo Butera** executive vice president and chief credit officer, a position overseeing portfolio quality management for Textron Financial. He succeeds Rod Weaver, who is retiring after 31 years with Textron. Butera joined Textron Financial in 1987 as a credit analyst and had been a senior vice president.

AMI: The British freight wholesaler named **Louise Jackman** a regional sales executive covering part of East Anglia and the London region in the United Kingdom. Jackman, who will be based at London Heathrow, has worked for airlines and general sales agents during her 20 years in the air freight industry.

Associations

Cargo 2000: The industry working group operating through the International Air Transport Association named **Tom Presnail** regional director for the Asia-Pacific. Presnail


Presnail

has been working with training for Cargo 2000 recently but spent 10 years in various senior executive positions in Asia for KLM. He was the Singapore-based director of operations for the Asia-Pacific for the airline and director of sales and operations for North Asia, based in Tokyo.


Neumann

TAPA: **David Reid** became acting chairman of the Transported Assets Protection for Europe, the Middle East and Africa as **Thorsten Neumann** stepped down to focus on work commitments at Motorola. Neumann, who has been chairman for three years, will remain the Motorola representative at TAPA EMEA. **Steve McHugh** will replace Reid as vice chairman. ■

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The Worldwide Airports Directory will be published in our October Issue.

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Hurry! Deadline is August 11, 2008!

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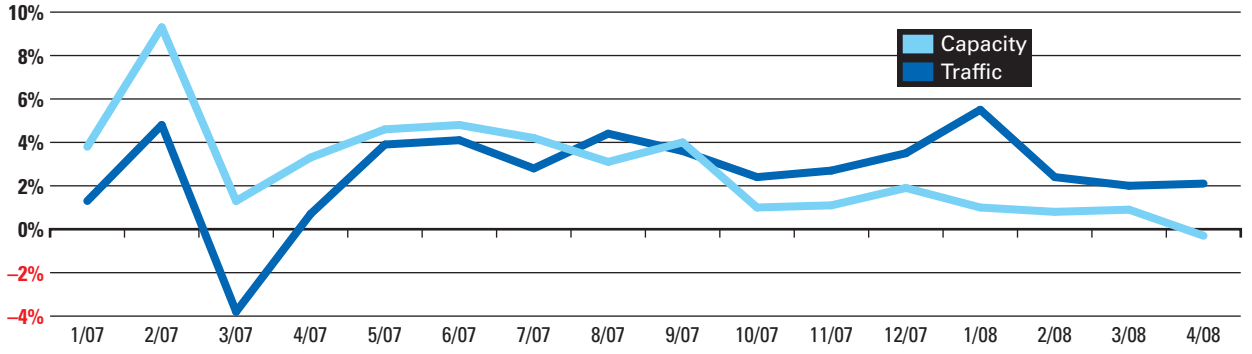
the AirCargo Bottom Line

Carrying Asia

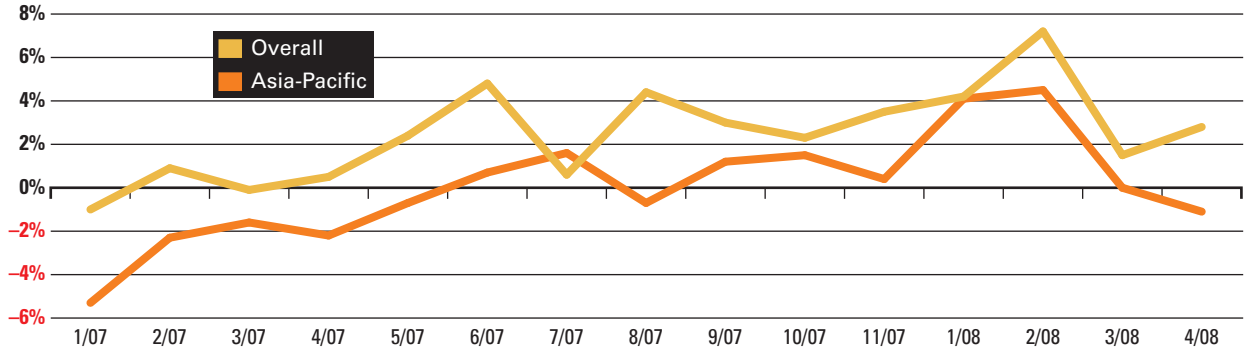
Monthly year-over-year percent change in capacity, in available tonne kilometers, and traffic, in freight tonne kilometers, of Asia-Pacific airlines.



Source: Association of Asia Pacific Airlines

Carrying Europe

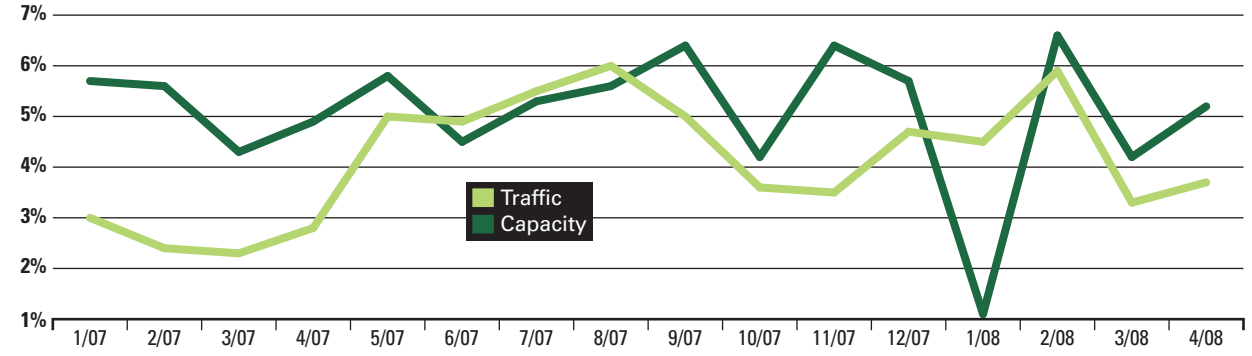
Monthly year-over-year percent change in overall freight traffic and Asia-Pacific freight traffic for European airlines.



Source: Association of European Airlines

Carrying International

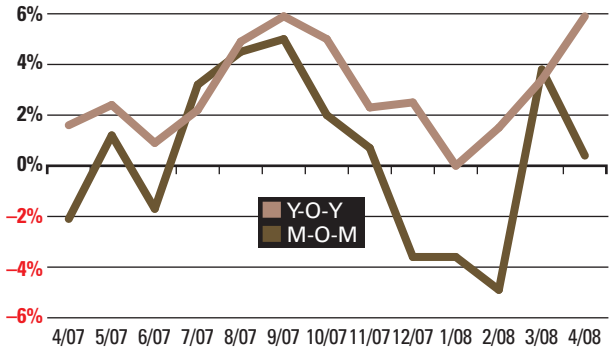
Monthly year-over-year percent change in total scheduled international freight traffic and capacity worldwide, in freight tonne-kilometers and available tonne-kilometers.



Source: International Air Transport Association

Semi Months

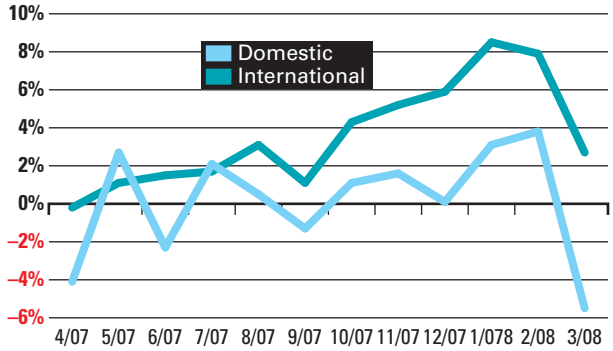
Worldwide monthly year-over-year percent change in sales of semiconductors and month-to-month percent change.



Source: Semiconductor Industry Association

U.S. Airlines

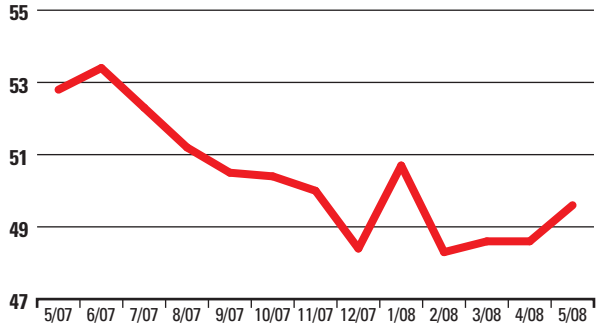
Monthly year-over-year percent change in domestic and international cargo traffic for U.S. airlines.



Source: Air Transport Association of America

Making Goods

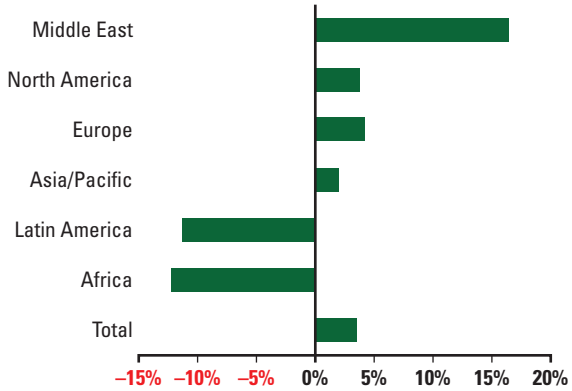
Monthly index of manufacturing activity in the United States over last two years. A reading above 50 shows expansion, below 50 contraction.



Source: Semiconductor Industry Association

Sharing Markets

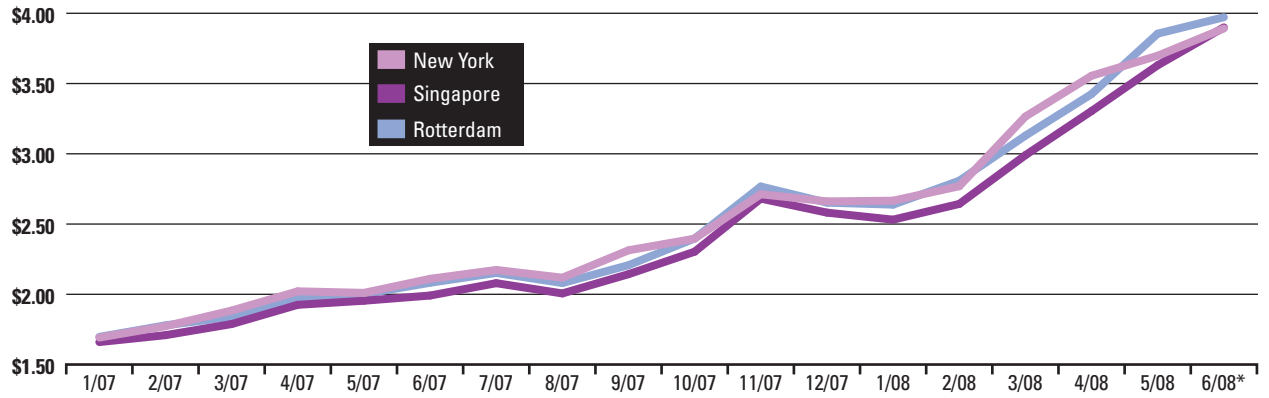
International air cargo year-over-year percent change in first quarter of 2008.



Source: IATA

Pump Price

Average monthly jet fuel prices in key markets over the past year.



*Through June 13

Source: U.S. Energy Information Administration

Events

July 28-30

Atlanta: Global Logistics Summit, at the Westin Buckhead, a World Business Research event includes shippers from Circuit City, Nike, Home Depot, PETCO and providers to examine 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. 14-17

Park City, Utah: **2008 Material Handling and Logistics Conference**, at the Grand Summit Resort, exploring ways to eliminate waste and get a better handle on moving goods through automation. For information, call (262) 860-6715 or visit: *www.mhc2008.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: *mfortner@cargofacts.com.*

Sept. 15-17

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

Sept. 17-19

Bangkok: Fourth Annual IATA Air Cargo Claims and Loss Prevention Conference, looking at how carriers, forwarders and airlines cover their assets. For information, calll: +41 22 770 2944, or visit *www.iata.org/events/calendar.*

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 whether the aviation business has the facility to ramp 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.*

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

Oct. 15-17

San Francisco: Sustainable Supply Chain Summit, at the Stanford Court Hotel, the eye-for-transport event includes parallel meetings in which shippers and logistics operators work to sustain a co-operative environment. For information, call +44 0207 375 7207 or visit: *www.eft.com/Green.*

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, call (786) 365-7011 or visit: *www.tiaca.org/2008.*

Nov. 11-13

Seoul: **AVSEC World 2008**, the International Air Transport Association event looks at risk management and what it calls a "common sense approach" to aviation security. For information, call +41 22 770 2525, or visit *www.iata.org/events/calendar.*

Nov. 16-18

Ft. Lauderdale, Fla.: Transcomp and Intermodal Expo, the annual meetings of the National Industrial Transportation League and the Intermodal Association of North America includes talk of shipper-carrier relations and a large exhibition. For information, call 703-524-5011 or visit: *www.iana.org.* ■