

INTERNATIONAL EDITION

Air Cargo World

SEPTEMBER 2014

THE SOURCE FOR AIRFREIGHT LOGISTICS

The world's
top 50 cargo
carriers

Keeping dangerous
goods safe

Eastern
Europe's cargo
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Air Cargo World (ISSN 1933-1614) is published monthly and owned by Axio Data Group. Air Cargo World is located at 1080 Holcomb Bridge Rd., Suite 255, Roswell, GA 30076. Production office is located at 3025 Highland Parkway Suite 200, Downers Grove, IL 60515; telephone 866-624-4457. Air Cargo World is a registered trademark. Periodicals postage paid at Downers Grove, IL and at additional mailing offices. Subscription rates: 1 year, \$80; 2 year \$128; outside USA surface mail/1 year \$120; 2 year \$216. Single copies \$20. Express Delivery Guide, Carrier Guide, Freight Forwarder Directory and Airport Directory single copies \$14.95 domestic; \$21.95 overseas. Microfilm copies are available from University Microfilms, 300 North Zeeb Road, Ann Arbor, MI 48106. Opinions expressed by authors and contributors are not necessarily those of the editors or publisher. Articles may not be reproduced in whole or part without the express written permission of the publisher. Air Cargo World is not responsible for unsolicited manuscripts, photographs or artwork. Please enclose a self-addressed envelope to guarantee that materials will be returned. Authorization to photocopy items for internal or personal use is granted by Air Cargo World, provided the base fee of \$3 per page is paid directly to Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923, and provided the number of copies is less than 100. For authorization, contact CCC at (508) 750-8400. The Transactional Reporting Service fee code is: 0745-5100/96/\$3.00. For those seeking 100 or more copies, please contact the magazine directly. Member of Audit Bureau of Circulations Ltd.

POSTMASTER and subscriber services: Call or write to Air Cargo World, 3025 Highland Parkway Suite 200, Downers Grove, IL 60515; telephone 866-624-4457.

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Safety issues at forefront of airfreight

Safety issues related to air cargo have been at the forefront this summer, ranging from lithium batteries to cargo pilot fatigue to avoiding flights over combat zones.

In our September issue, we take a look at the carriage of dangerous goods. The sub-category getting the most attention of late is lithium batteries. It's clear that the issue of safe air transport of these increasingly ubiquitous products is here to stay and will only grow in importance. As Dave Brennan, IATA's dangerous goods guru, says, if lithium batteries are properly designed and tested and shipped according to regulations, the industry does not see any problems.

But, as he says, the growth of e-commerce has led to increased shipping of cheap knock-offs that may not be safe. He also notes that there needs to be a better system for reporting of all incidents involving air transport of lithium batteries.

The U.S. Department of Transportation weighed in on the matter at the end of July, issuing new standards to strengthen safety conditions for the shipment of lithium cells and batteries. The new rules will require enhanced packaging and hazard communication requirements for lithium batteries transported by air.

There's little doubt that how to safely ship and transport lithium batteries will continue to be something the industry must deal with for years to come.

Aug. 14 marked the one-year anniversary of the tragic crash of UPS Flight 1354 in Birmingham, Ala., that claimed the life of two pilots. An official cause of the crash has not been determined, but the National Transportation Safety Board says it expects to release its final report in September.

The Independent Pilots Association, the union that represents UPS pilots, chose the occasion to bring up the issue of pilot fatigue and to call for the end of the cargo pilot "carve-out" that exempts all-cargo airlines from new rest rules that became effective in January. UPS, through a spokesman, accused IPA of "playing politics with the memory of our coworkers" and said changes in the rest rules are not needed.

While the two sides are in disagreement over the need to change rest rules, it is certain all parties want to promote safe aviation. Perhaps this should include more discussion on the carve-out and the pilot fatigue issue. If the NTSB cites pilot fatigue as a factor in the Birmingham crash when it releases its report, there will be ample reason to renew this debate.



John W. McCurry
Editor

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Air Cargo Global is set to start operations with a 20-year-old B747-400SF conversion.

ACG set to become a real name changer

It was supposedly the final nail in the coffin of nefarious freighter operators. But heck no, it's time to raise Lazarus from the dead. The once apparently deceased and buried Air Cargo Germany is about to re-incarnate.

There are a few minor changes along the way, which hardened industry observers will hardly notice. The name has changed to Air Cargo Global and the carrier has switched to a Slovakian register.

Operations are set to start-up with one 20-year-old B747-400SF passenger conversion, expected to feature a familiar-looking red tailfin. The aircraft has been leased from Iceland's Avion Aircraft Trading, with a second, this time production line B747-400F, understood to be due for delivery in September.

But like its former shadow, the new ACG lite plans to initiate service from Frankfurt-Hahn in Germany, to Shanghai and Hong Kong by way of Dubai. The soft launch of the airline will initially take the form of charters, before migrating to scheduled service. Some reports suggest the new carrier will also operate flights from the larger Frankfurt Rhine-Main airport.

Its new Slovakian domain though, means it will be required to pit stop

in Bratislava, Slovakia, with some services. The airline confirms that it secured its air operator's certificate from the Slovakian civil aviation authority earlier this year.

The majority owner of the new outfit is Igor Bondarenko, a Russian-born entrepreneur, now a Slovakian national. He, along with other Russian financial backers, is joined by former Aeroflot Cargo founder and CEO Andrey Goryashko, who will hold a minority stake in the airline.

Goryashko acted as strategic development consultant for Air Cargo Germany and is expected to reprise a similar role for Air Cargo Global. What can possibly go wrong?

Similarly, sales at the new ACG will be headed up by Alexander Kirichenko, another Aeroflot Cargo refugee and part of the former ACG management team. Lest it be forgotten, Aeroflot Cargo crumbled into oblivion, stretched by over ambitious plans to develop a central European hub at, of all places, Frankfurt-Hahn.

But the rebirth of ACG as, well, ACG, has already taken a curious twist. It is now reported that the new airline has signed a contract with the Belarus state-owned cargo carrier TransAVIA-export Airlines. The contract, it is said, will require ACG to operate two B747-

400Fs on behalf of its new partner.

But it is not clear how TransAVIA-export will blend such capacity into its existing operation. The loss-making, Minsk, Belarus-based company operates a fleet of what it describes as more than 10 IL-76 freighters, mostly carrying out commercial charters and humanitarian flights to Africa.

It ran a feasibility study last year, based on research by U.S. consultants Airborne Global Solutions, which suggested a move to Western capacity, in particular B676 freighter conversions

Air Cargo Germany, it will be recalled, declared itself insolvent some 18 months ago, unable to put up sufficient cash flow projections required by German aviation authorities.

The airline's future, ironically, had seemed assured after Russia's Volga-Dnepr Group acquired a 49 percent stake a year previously. All kinds of synergies were immediately envisioned with VD's line-haul operation Air-BridgeCargo. There was also talk of the ACG fleet of then four B747-400s being replaced, in part at least, by newer ABC B747-8F capacity.

If Air Cargo Global is pressing to stretch the patience of the airfreight market in Europe, then it can at least take comfort from the fact the other newborn freighter operators are also out there trying their hand.

Take, for example, newly-launched Scandinavian carrier Viking International. Although registered in Finland and with Finnish and some U.S. financial backing, the airline is planning to start-up service out of Oslo in neighboring Norway. A single B747-400F is being acquired to operate a seemingly bizarre combination of service to Bangkok and Miami. But this and the originating point reflects the fact that the outbound base loads for the new airline will consist almost entirely of fresh salmon.

What is perhaps more bizarre is the fact that the fledgling airline is reportedly planning to augment its lone start-up B747-400F with the addition of two B747-400 combi aircraft leased from Air China. The Finnish backer of the project is a former executive of a Finn-



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ish leisure airline, so they may be planning on some multitasking.

If it is bizarre you are still after, then the latest business model offering from another European freighter provider may yet surpass what has gone before. Those familiar with AV Cargo, the Zimbabwean-registered all-cargo carrier, will be little surprised at the latest twist in the airline's eventful history.

AV Cargo is itself another reincarnation, this time of Avient Ltd., the carrier's previously failed UK-based sales operation which went into administration last year. AV Cargo re-emerged almost

immediately with the same British management and re-started operation with two re-liveried MD-11Fs operating out of Liege, Belgium, to points in Africa.

More recently, AV Cargo has taken delivery of a third MD-11F, but according to Simon Clarke, the airline's CEO, it will not join its stable mates within the current airline operation. Instead, yet another shell company, Global Associated Aviation Ltd., has been created to provide the front for the third arriving MD-11F to undertake stand-alone ACMI work.

Clarke explains that it is planned that the new company will develop ACMI work based on short-term, low-utilization contracts. The new entity, he says, will allow it to retain a neutral stance and distance from the carrier's day-to-day commercial operations.

Some observers already question the validity of finding short-term ACMI contract work for an aircraft with such high operating costs in the present market.

The additional aircraft had been slated to join the airline as early as April this year, but is now expected to start flying as of September. **ACW**

Transitional quarter for IAG Cargo

By Adina Solomon

IAG Cargo's revenue fell 12 percent in Q2 of 2014 compared to the same period last year. CEO Steve Gunning says the airline expected this decrease.

"It's been very much a transitional quarter for us," Gunning tells Air Cargo World.

In May, IAG Cargo began using capacity on Qatar Airways-operated freighters – five B777F flights a week between Hong Kong and London. That meant IAG Cargo returned three B747-8 freighters it had leased from Global Supply Systems (GSS).

Gunning says a reduced freighter program for the airline meant reduced capacity and therefore diminished revenue.

"We recognized the market is in a challenging position and has been for some time with oversupply and capacity," Rachel Izzard, finance director at IAG Cargo, says. "We proactively took the difficult decision to exit the long-haul freighter program and move to a much more flexible, targeted program with Qatar on the Hong Kong-Stansted route and then focus on belly-hold lift, which is growing and is in great position for our customers."

Though Q2 volumes fell, Gunning says IAG Cargo is adjusting its quarterly figures on a "like-to-like basis" to reflect its lessened freighter program.

"When you do that, what you see

is the agile underlying revenue is flat year on year, and given the fact that we've had a very difficult exchange rate movement, which has cost us about 11 million euros at the turnover level, actually means our underlying revenue's up about 11 million euros," Gunning says.

He says the airline's load factor is up about 1.5 percentage points, and its yield is down about 1.9 percentage points.

"Most of that is not around price erosion, but a variance in sector length. We seem to be running a lot more freight on longer sectors," Gunning says. "We're very encouraged by these results that seem to endorse the brave decision we made to come out of the GSS program."

The air cargo market remains challenging due to overcapacity from new aircraft with bigger cargo holds, he says. But he says demand bottomed out in the middle of 2013. Now, IAG Cargo sees an improvement in demand, particularly in some parts of Asia Pacific, though excess capacity puts a drag on yield performance.

"I think the challenge for the industry is going to be how do you get it into equilibrium," Gunning says. "There has to be capacity discipline."

He says many players in the air-freight industry could benefit from

freighter collaborations, such as IAG Cargo's.

"The industry needs to be thinking of innovative ways of improving network connectivity and network reach, but not necessarily by just introducing additional aircraft into the market," he says.

Izzard doubts the future of full freighters.

"We believe apart from niche markets, full freighters with a fixed cost base [are] a very difficult position to run with," she says.

Gunning says the Qatar program has done well. IAG Cargo now uses additional capacity from India to the Middle East, and from the Middle East to Madrid. While India, Asia and Latin America are sound for the airline, he says Mainland Europe, not including Spain, needs to pick up.

Tonnage for IAG Cargo's Constant Climate product for pharmaceuticals increased by 63 percent year over year in Q2, Izzard says. Latin America and Africa have proven strong in perishables.

IAG Cargo plans to instate flying in the Iberia network to Montevideo, Uruguay, and Santo Domingo, Dominican Republic.

The airline also works behind the scenes. It restructured its sales force in Latin America. And for the past 18 months, it has installed a single revenue management system. **ACW**



The Seychelles' economy, based on tourism, affects the amount of cargo carried by Air Seychelles.

Air Seychelles sees steady cargo growth

By John W. McCurry

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One small carrier that is seeing significant cargo growth is Air Seychelles, based in the Seychelles archipelago, about 1,500 kilometers (932 miles) off the east coast of Africa.

“Tonnage for our Q1 period rose 126.8 percent to 1,602 tonnes, driven by strong demand from Paris, Hong Kong and Johannesburg, enhancements to Air Seychelles’ on-ground cargo handling capability in Mahé, and the launch of Seychelles domestic cargo services,” Sam Okpro, head of cargo, says. “We believe the economies of our online destinations will continue to remain strong for the rest of the year, lending to further growth in cargo.”

Okpro says cargo is a vital part of the company’s business strategy, representing 14 percent of the airline’s overall revenues.

“We are also responsible for providing cargo ground handling services to all airlines operating to the Seychelles and we are the sole FedEx representative in the Seychelles. We act as their global service participant.”

Most of the products that Air Sey-

chelles hauls are intended for the tourism industry, particularly hotels. This includes a broad range of goods such as fruits and vegetables and other perishables, automobile and electrical spare parts, computer equipment, pharmaceuticals, building materials and garments.

“Our perishable movements correlate strongly with the number of hotels in Seychelles, and as more hotels open, we expect a corresponding increase in this type of movement,” Okpro says. “In addition, we expect to see more perishable, spare parts and equipment growth as more supermarkets and hardware stores come online.”

Okpro says that since Seychelles is an import-driven economy, the network of Etihad, which has a 40 percent stake in Air Seychelles, plays a major role in getting shipments to the Seychelles from around the globe. This is in addition to Air Sey-

chelle’s routes.

Most of the inbound cargo originates from South Africa, France, the United Arab Emirates, United Kingdom, Thailand and Italy.

Air Seychelles recently launched a domestic cargo service.

“Historically, the domestic cargo service was offered from our domestic passenger counter,” Okpro says. “However, last year we moved cargo acceptance and retrieval away from the domestic passenger terminal to a new cargo terminal, offering better rates and improved services for our customers. We also implemented a weekly domestic freighter service to Praslin, designed to provide a convenient connection to one of our flights from Johannesburg. It was designed to work for many of our key customers in the hotel business, providing them with high quality fresh meat, fruits and vegetables at the beginning of every week.”

Air Seychelles operates two Airbus A330-200s on its international routes. For its domestic services, it operates seven short takeoff and landing aircraft, a mixture of DHC 300 and 400 Twin Otters and one Shorts 360-300 freighter. An Airbus A320 will be added to the fleet in December.

Okpro says Air Seychelles’ cargo challenges are largely related to world and local economic trends. There’s also the universal challenge of industry overcapacity.

“It is a challenge to maintain budgeted load factors and yields at desired levels when there is excess capacity,” Okpro says. “Sey-

chelles being a tourist destination, our imports are also closely tied to visitor arrivals. Hence the higher the average hotel occupancy, the more supplies hotel operators will order, with a certain fraction coming in by air on Air Seychelles.” **ACW**



Sam Okpro

Etihad takes 49 percent stake in Alitalia

The €1.758 (US\$2.3 billion) deal announced by Etihad Airways and Alitalia will have ramifications for Alitalia's cargo operation. The deal gives Etihad a 49 percent stake in the Italian carrier.

In an effort to better serve the Italian cargo market, which is the third largest in Europe, Alitalia's cargo business will be re-launched and expanded, with the establishment of a center of excellence in Northern Italy, investment in handling capabilities at Italian airports, and the optimization of an integrated cargo network.

"For Etihad Airways, this is a strategic, long-term commercial investment," said Etihad president and

CEO James Hogan. "On completion, we are committed, with the other shareholders, to build a reinvigorated Alitalia as a competitive, sustainable and profitable business that can operate successfully in the global air travel market. We believe in Alitalia. It is great brand with enormous potential. With the right level of capitalization and a strong, strategic business plan, we have confidence the airline can be turned around and repositioned as a premium global airline once again."

The deal adds to Etihad's growing list of equity partners, which includes airberlin, Air Serbia, Jet Airways, Virgin Australia, Air Seychelles and Aer Lingus. **ACW**



Alitalia Chairman Roberto Colaninno (left) and Etihad Airways President and CEO James Hogan exchange documents in Rome marking the investment agreement between the two carriers.

Emirates focuses on perishables

This summer, Emirates SkyCargo is carrying thousands of tonnes of temperature-sensitive commodities.

Perishable products such as fruit, vegetables, flowers and fresh meat from Africa and chilled meat from Australia, as well as pharmaceuticals from India, and many other commodities from various countries, are shipped on Emirates SkyCargo, through its Cool Chain services.

In 2013, the freight division of Emirates transported more than 313,000 tonnes of time- and temperature-sensitive goods on its freighters and in the belly-hold of its passenger aircraft across its network.

"We take pride in providing special controlled facilities to ensure temperature-sensitive products remain at a constant cool temperature both in the air and on the ground, even during the hot summer months wherever we operate. Our intricate process boosts the life of perishable commodities by preserving the cool chain throughout the journey," said Moaza Al Falahi, Emirates vice president cargo product development and

local affairs. "Using innovative products such as active temperature controlled containers, warehouses, cool dollies and white covers, we're at the forefront in preserving the most sensitive and highest quality of goods wherever the pickup or delivery destinations are in the world."

Emirates SkyCargo's range of techniques for transporting perishable products includes Cool Chain Premium, Cool Chain Advanced and Cool Chain Basic.

Cool Chain Premium is designed to move health care products, and offers active temperature-controlled containers, prioritized ground handling, temperature control in the cargo hold in all aircraft, cool dollies used on request for tarmac transportation, temperature controlled handling and storage, as well as online temperature monitoring and the services of an Envirotainer provider.

Also developed to transfer phar-



This summer, Emirates SkyCargo is carrying thousands of tonnes of temperature-sensitive commodities.

maceutical goods, Cool Chain Advanced offers similar features to Cool Chain Premium, with the exception of a qualified Envirotainer provider, online temperature monitoring and a few other services.

Cool Chain Basic offers mainly temperature controlled handling and storage and expedited delivery.

Emirates SkyCargo's perishable handling capacity has expanded with the recent opening of the freighter terminal at Dubai World Central's Al Maktoum International Airport, where it has a perishable area designed to handle about 140,000 tonnes of cargo annually. **ACW**



Rates from China to Europe went up this summer. Cathay Pacific's James Woodrow says he hopes U.S. consumers will show greater appetite for Asian products.

“Volumes have held up well over the summer, which is usually slow. This is encouraging. We are relatively optimistic this is going to be a better peak than last year.”

**— James Woodrow,
Cathay Pacific**

Climbing a peak

July brought an unusual development in the Chinese airfreight market for the summer season. Rates to Europe, usually held down by a combination of slower output and abundant belly capacity at this time of the year, actually went up, climbing 5 percent in the first week of July.

In part this was due to flight restrictions imposed for large-scale military exercises, but it also reflected strengthening exports by air. After months and months of declining yields and whittling down their freighter fleets, carriers from the Asia-Pacific region appear to have staged a turnaround.

Airlines based in the region enjoyed 4.6 percent growth in volume in the first half of this year, considerably more than their counterparts from Europe (up 3.2 percent) and North America (up 1.6 percent), according to traffic statistics from IATA.

Perhaps even more encouraging, in July new export orders for China's manufacturing sector climbed to heights last seen 3.5 years ago, according to financial services company HSBC's Purchasing Managers' Index for the month. Overall output and

total orders grew at the fastest pace since March 2013.

Coupled with robust volumes on the water for the maritime peak season rush, these developments have raised hopes for a “proper” peak shipping period for air cargo out of Asia this year.

“Volumes have held up well over the summer, which is usually slow. This is encouraging. We are relatively optimistic this is going to be a better peak than last year,” James Woodrow, director of cargo of Cathay Pacific, says.

Shawn McWhorter, president for the Americas at Nippon Cargo Airlines, has seen volumes strengthen in recent months, while Asian rivals have been taking out freighter capacity. “We see a lot of demand already from Asia for the peak season. I think we are going to have a good peak,” he says.

William Flynn, president and CEO of Atlas Air Worldwide Holdings, is also upbeat. He anticipates a good peak, although it remains to be seen how yields will develop.

Yield went up 0.9 percent in June – the first rise in 30 months, according to IATA. The prospect of growing demand is fuelling hopes that this will

improve further. IATA's July Business Confidence Index, a quarterly survey of airline heads of cargo and CFOs, shows that 31 percent of the respondents believe there will be a rise in yields ahead.

“I would agree that the market out of Hong Kong is strong and capacity will be very tight this season. There is no doubt that we will see the airlines establish their peak season surcharges. It is hard to say if that will stick for Shanghai but I think they might try, although it is very unlikely to be applicable for any other Asian ports,” says Rich Zablocki, vice president of trade lane management for the transatlantic sector at CEVA Logistics.

However, there are questions about how much volume will move in the pre-Christmas rush. Dirk Steiger, managing director of airfreight research and consulting firm AAA Advisory, points out that the World Cup has preempted part of the surge in consumer electronics.

He also expressed misgivings about the market for tablets. In recent months, one European telecommunications provider offered free tablets to new subscribers, and an electronics retailer tried to crank up TV sales with free tablets, he says.

“This makes you wonder how strong demand for tablets still is,” he adds.

Two other factors that threaten to undermine a strong rise in yields during the peak are the smaller size of shipments – such as tablets versus personal computers – and the proliferation of wide-body passenger aircraft with large belly-hold capacity, above all the B777s, Steiger says.

The days when forwarders lined up charters to secure capacity out of Asia for the peak season are gone, as capacity has been by and large sufficient to move the additional volumes, he points out.

Not even demand for block space agreements has shown any spike so far. “It seems they do not need huge agreements to secure capacity. On

Japan Airlines reports healthy international cargo

Japan Airlines reported healthy international cargo in Q1 of 2014, which runs from April 1 to June 30.

The volume of international cargo, in terms of revenue cargo tonne kilometers (RCTK), increased by 16.5 percent year over year, and international cargo revenue increased by 9.2 percent to 14 billion yen (US\$136.6 million).

“The Japanese economy has been recovering at a moderate pace, while affected by a reactionary decline in demand following the front-loaded increase in demand prior to the consumption tax hike, though the impact has gradually weakened,” JAL said. “Effects of the Japanese government’s stimulus package have begun to show, although the prolonged downturn of European economies has been a downside risk to the Japanese economy.”

the contrary, some are playing around with pricing,” Steiger says.

Woodrow would be more bullish if U.S. consumers showed greater appetite for Asian products. “What we are hoping and waiting for is a pick-up in U.S. demand. Once there is real consumer confidence in the U.S., companies will start to invest,” he says.

Until that happens, it is more criti-

cal for carriers to improve their west-bound traffic to improve overall utilization. “We are pushing hard to boost exports from the Americas,” Woodrow says. Cathay’s latest move in this direction is the addition of a stop in Calgary on two weekly freighter flights from New York to Hong Kong to load perishables and oil and gas equipment. **ACW**

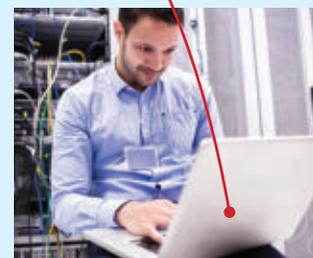
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In international freight, JAL captured automobile-related shipments prompted by the moderate recovery of exports, and transit shipments such as perishables.

“In sales, we improved our system at [Tokyo] Haneda Airport and did our best to increase domestic and international transfers, given the increase of flights at Haneda,” Japan Airlines said. “On routes with expected demand, we transported shipments on other airlines’ aircraft through airline charter agreements, on minimizing risks.”

Domestic cargo operations did not fare as well in Q1. The volume of domestic cargo, in terms of RCTK, decreased by 6 percent year over year, and domestic cargo revenue fell by 5 percent to 5.7 billion yen (US\$55.6 million).

“Domestic cargo operations were affected by the front-loaded increase



Japan Airlines’ international cargo increased as it captured automobile-related and transit shipments. Domestic freight operations did not fare as well.

in demand prior to the consumption tax hike, which continued to the beginning of the first quarter, and a modal shift from surface transport to air transport due to a shortage of trucks, which consequently

increased shipments temporarily,” JAL said.

Total operation revenues for international and domestic cargo rose 0.8 percent in Q1 compared to a year ago. **ACW**

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Asia Pacific cargo continues expansion

Air cargo markets continued to expand in June for Asia Pacific, according to preliminary traffic figures from the Association of Asia Pacific Airlines (AAPA).

“The overall traffic demand environment in the region is still expected to be positive.”

— Andrew Herdman, AAPA

For the region’s carriers, demand for air freighted goods continued to grow, helped by positive consumer and business sentiment in major de-

veloped economies.

Overall, airfreight demand in freight tonne kilometers (FTK) grew by an encouraging 4.7 percent compared to the same month last year. The average international freight load factor rose for the second consecutive month, by 0.8 percentage points to 66.1 percent in June, on a 3.4 percent growth in offered freight capacity.

“The first six months of this year saw a 4.9 percent increase in the number of international passengers carried by Asia Pacific airlines to an aggregate total of 123.5 million. Within the same period, airfreight demand grew by 4.6 percent, underpinned by a long-awaited pick-up in global trade activities,” Andrew Herdman, AAPA director general, said. “The overall traffic demand environment in the region is still expected to be positive, supported by



Andrew Herdman leads the AAPA.

continued growth in regional economies and further improvement in the U.S. and European economies. However, competitive pressures remain intense, forcing Asian airlines to keep a close watch on costs while carefully managing capacity.” **ACW**



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United Cargo head calls for collaboration

By Adina Solomon
asolomon@aircargoworld.com



Jan Krems

United Cargo's new president says collaboration is the key to surmounting air cargo's troubles.

"The set of challenges our industry is facing now – modal shift, on-shoring and overcapacity among them – is very different from the conditions that existed during the last period of growth," Jan Krems says. "I believe we can overcome the chal-

lenger on our promises," Krems says. "This is the key to our future, so we're devoting all our energies and efforts toward this goal."

In his nearly three decades in air cargo, Krems served 27 years with KLM Cargo. He was most recently vice president Americas for Air France/KLM Cargo, based in Atlanta. Krems has moved to Chicago for his new role at United.

cargo. "Combined with the overall improvement in the global economy, I believe there is reason for cautious optimism for the remainder of 2014 and into 2015."

United is focusing on its added-value products, including TempControl for temperature-sensitive products, EXP expedited service, QuickPak (small package airport-to-airport service) and UASecure for the carriage of high-value shipments.

"Our goal is to gain customer preference by being highly reliable and easy to do business with, then grow our added-value business to reduce the impact of negative business cycles," Krems says.

In addition to cargo, Krems also talked about what he does in his free time, including traveling with his wife and two sons.

"In my nearly 28 years in the airline industry, we have been able to experience a lot of the world's most interesting places," he says.

Krems also likes to play sports, his favorite of which is platform tennis, which is similar to doubles tennis and played on a smaller court surrounded by screens. Chicago has one of the most active platform tennis scenes in the U.S., so Krems says he is glad to live in the city. **ACW**

"Combined with the overall improvement in the global economy, I believe there is reason for cautious optimism for the remainder of 2014 and into 2015."

— Jan Krems, United Cargo

lenges I just spoke about, but only with the support and participation of all stakeholders in the airfreight process. Statistics prove that other modes have upgraded their technology and their product – we need to collaborate to generate an effective response to these competitors."

Krems took over as president on July 14, replacing Robbie Anderson, who served as president beginning in 2010.

At United Cargo, revenue for the second quarter decreased 1.7 percent compared to the same period in 2013.

"We're focused on strengthening our customers' confidence that we will keep our commitments and de-

At KLM Cargo, Krems also worked as vice president Asia and vice president Europe, Africa and the Middle East. As vice president worldwide customer service during and after KLM's merger with Air France Cargo, he was responsible for the integration of all Air France and KLM cargo offices.

Krems holds a bachelor's degree in commercial economics from Utrecht University in the Netherlands and a post-graduate degree in marketing.

"We have seen some encouraging signs in the industry's results and outlook recently, with steady volume increases and even yield gains in some markets," Krems says of air

CNS changes 2015 conference location, dates

By Adina Solomon

Next year is the 25th anniversary of the CNS Partnership Conference, but CNS had to do something it has never done in its almost quarter century of existence: Change the date.

The past 24 conferences have been held during the first week of May, CNS President Warren Jones says. But the 2015 conference was changed to April 19-21.

“Due to a scheduling conflict we did not know of, we had to change at the last minute,” Jones says.

Air Cargo Europe historically takes place in June, but in 2015, it will be held May 5-8 – the same week in May that CNS was going to be held.

Jones says CNS found out about the scheduling conflict at the 2014 CNS Partnership Conference in San Antonio, Texas. An airline executive told CNS about the conflict.

Jones says one of the reasons for CNS’ popularity is that small- and medium-sized forwarders can talk to airlines.

“If I can’t bring the airlines to the conference because they have other commitments, you make changes,” he says. “Now we’ll be more vigilant in moving forward in confirming our dates up.”

The 2015 CNS Partnership Conference was scheduled to take place in Nashville, but it had to move because of lack of availability in the country



The past 24 CNS conferences have been held during the first week of May.

music capital. The event will now be at Rosen Shingle Creek in Orlando.

“It offers a lot of things that the membership wants,” such as outdoor activities, Jones says.

In order to find a city to hold the CNS Partnership Conference, CNS did a nationwide search and consulted with its advisory board, which is made up of airlines and forwarders in the U.S. Orlando was the answer.

“We decided we wanted a place we hadn’t been in awhile with easy [flight] connections,” Jones says. “It had everything we needed.”

He says the CNS Partnership Conference will be in Nashville in 2016. After that, CNS is looking at cities on the West Coast.

CNS must go through a long process to find a city for CNS every year. Factors include weather and availability of golf.

“There are some cities we’ve looked

at, but there’s no golf nearby,” Jones says. “Our members like to take clients out to golf.”

As far as hotels go, CNS looks at amenities and restaurants, lounge space, a lower price point and food. When CNS staff do site visits to hotels and resorts, chefs prepare their typical conference fare for them.

Jones also says CNS looks for hotels that can “do different things,” such as casino night at the 2014 CNS Partnership Conference.

If a hotel has bad food or service, a past attendee may not want to return to the conference again, he says.

“There are a lot of conferences out there, so we need to make sure CNS stays ahead of the game,” Jones says. “Word of mouth. It’s very important to us...You’re there for business; you’re there to network. The last thing you want is bad service from the hotel.” **ACW**

Atlas Air reports improved cargo demand

Atlas Air Worldwide Holdings announced adjusted net income of US\$15.9 million (11.8 million euros) for Q2, compared with US\$20.4 million (15.2 million euros) for Q2 of 2013.

“We are off to a good start in 2014. Airfreight demand is improving, and we are encouraged about our full-year outlook,” William J. Flynn, presi-

dent and CEO, said. “Atlas is an entrepreneurial company. Our second-quarter results illustrate the positive contributions being generated by the investments we’ve made and the initiatives we’ve undertaken. In the face of an uncertain airfreight market and an anticipated decline in military cargo demand, we have diversified our business mix.”

Freighters are played a part in the results of Atlas Air, a provider of outsourced aircraft and aviation operating services.

“Results within our ACMI segment are benefiting from modern 747-8 freighters,” Flynn said. “In Dry Leasing, the investments we’ve made since early 2013 in attractive 777 freighters on long-term leases with



strong customers are driving a significant increase in contribution from highly predictable revenue and earnings streams.”

Profitability in Atlas Air’s ACMI business reflected an increase in 747-8F revenue, but revenues were affected by a decline in block-hour volumes related to the return of three 747-8Fs from IAG Cargo in April and early May. This decline was partially offset by the placement of two of the -8Fs with DHL Express in May, the start-up of ACMI -8F flying for BST Logistics in February 2014 and Etihad in May 2013, as well as the start-up of ACMI 747-400 flying for Astral Aviation in September 2013.

In Dry Leasing, revenue and profitability grew following the addition of three 777F aircraft in January 2014 and two in July 2013, which raised Atlas Air’s 777F fleet count to six. Each of these aircraft are leased

to customers on a long-term basis.

In AMC Charter, results benefited from an increase in the volume of passenger flying on higher-yielding 747-400 aircraft, partially offset by a decrease in demand for cargo flying.

For the first half of 2014, adjusted net income totaled US\$27.3 million (20.3 million euros), compared with US\$26.3 million (19.6 million euros) in the first half of 2013.

Atlas Air said airfreight volumes continue to improve. But airfreight yields lag behind, and there is still limited visibility into peak-season yields and demand. As a result, Atlas Air is maintaining its earnings



Atlas Air’s ACMI business is benefiting from 747-8 freighters.

outlook for the full year.

“Should 2014 be the inflection point when growth returns to commercial airfreight and yields improve, our business initiatives and the investments we have made have positioned Atlas to be one of the prime beneficiaries,” Atlas Air said. **ACW**



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Rickenbacker Airport begins export service

Beginning in September, shippers and forwarders have the opportunity to load exports directly in Columbus and utilize Rickenbacker International Airport as a gateway to the international destinations served by Cathay Pacific Cargo.

Cargolux also intends to begin exporting from Columbus in the near future.

Cargo warehousing specialist's Consolidated Aviation Services (CAS) will provide the additional import and export warehousing services at Rickenbacker. This is the first entry into the Columbus market for CAS.

"We are delighted to be opening operations in Columbus and see outstanding potential for this market to grow quickly," Guido DiGiandomenico, vice president sales for CAS, said. "We want to be part of that growth."

CAS will lease on-airport ware-

house space at Rickenbacker to execute this new service.

"This new export loading capability allows shippers and their logistics service providers the ability to load cargo directly in Columbus offering connections to Asia and Europe that have never been served directly out of this market," said Elaine Roberts, president and CEO of the Columbus Regional Airport Authority, operator of Rickenbacker International Airport.

Cathay Pacific and Cargolux each operate three weekly freighter flights to Rickenbacker from Hong Kong International Airport with U.S.-bound imports. Now, shippers



Airlines at Rickenbacker Airport are now exporting cargo.

and freight forwarders will also be able to load freight exports onto these aircraft for routing through JFK Airport and onto Hong Kong via Cathay Pacific Airways and, in the near future onto Luxembourg via Cargolux. **ACW**



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Lufthansa places great emphasis on training personnel involved in handling of dangerous goods.

Dangerous goods

Safe shipping requires cooperation throughout supply chain

By John W. McCurry

jmccurry@aircargoworld.com

Cargo carriers are in agreement that safe shipment of products classified as dangerous goods largely depends on the involvement of shippers and buyers. In addition, greater diligence is needed by regulators, according to the man who heads IATA's dangerous goods program.

"Overall, we have a robust system, but we have some challenges," says Dave Brennan, IATA's assistant director, cargo safety and standards. "We still have regulators who are not as engaged and as active as they should be. Too many regulators be-

lieve their role is to look at whether airlines are doing it properly and they just go out and audit airlines at the airport."

Brennan notes that Annex 18 to the Chicago Convention on International Civil Aviation was modified to include language that regulators have a role to look at the entire supply chain.

"ICAO needs to be perhaps a little more engaged there to prod their member states to become more active and do what they are required to do," Brennan says. "We will support them in any way we can."

Brennan says IATA tries to pro-

mote the message that safety is everyone's responsibility through sessions at the World Cargo Symposium, through its Dangerous Goods Board and through guidance documents.

"It starts with those who put dangerous goods in transport and continues with everyone who touches them. It's a shared responsibility that goes the length of the supply chain. There is still an issue to an extent with some of the shipping community who are ignorant of their responsibility when they ship dangerous goods."

The huge expansion of e-commerce in recent years has contributed to the challenge.



Dave Brennan



Ami Baram



Rami Marom

“There are some terrifying things for sale on eBay. They blithely say they will ship anywhere in the world. It really is a large problem driven by the person buying. Lithium batteries cause quite a lot of issues here. If someone who needs a new laptop battery looks on the website of HP or Dell, they find one for \$60 or better. They then go on eBay and they can pick one up for \$10. What they are buying are cheap knockoffs.”

Other dangerous goods purchased over the Internet include perfumes and chemicals. Buyers are fueling the demand for cheap and quick goods, Brennan says.

IATA is looking at ways to engage national newspapers to get the word out that there are two sides of the issue and that buyers are facilitating counterfeiting, Brennan says.

“They [buyers] are putting themselves at risk and their equipment at risk for a dodgy battery. We are looking at playing the self-interest card. That always tends to work. The issue here is if lithium batteries are properly designed and tested and then shipped in accordance with regulations, we are not seeing problems.”

Brennan says air carriers like carrying this type of cargo because it generates good revenue, but they should have risk mitigation strategies. He says it's also difficult to get

accurate statistics on incidents with dangerous goods – and that can be frustrating.

“We are working with airlines and we ask them to share their incident data with me so we can get an understanding of the size of the problem and where it's happening,” Brennan says. “At the moment, it's a bit spasmodic. I tend to hear of the significant incidents, but I would like to hear of the ordinary ones as well.”

Carrying cargo that is considered dangerous goods is a significant business for Lufthansa, which carried about 45,000 tonnes of this type of cargo in about 140,000 shipments in 2013. This includes products such as flammable liquids, automobiles, motorcycles and environmentally hazardous substances.

Michael Marx, Lufthansa's dangerous goods handling manager,

says Lufthansa carries most types of dangerous goods, with the exceptions of fissile material and oxygen generators. He says Lufthansa puts great emphasis on training to handle dangerous goods.

“We have regular courses and provide a lot of guidelines and guidance materials for all of our staff. It is indeed a challenge. Regulations are hard to understand because there are so many exceptions and operational variations. That is why we focus on training. Besides the IATA regulations, we have regulations for road transportations. We also use ferry boats, so we have all kinds of different regulations.”

The process would work much better if global harmonization of regulations existed, Marx says. This would help all parties in the transportation chain, he says.

“We are checking 24 hours a day, checking our cargo, our pilots and documents. That is the way to avoid any dangerous good incidents.”

— Ami Baram

Marx says Lufthansa confines shipments with lithium batteries to class C compartments, which includes smoke and fire warning systems and a fire suppression or extinguishing system controllable from the flight deck.

“Lithium batteries are causing some headaches all over,” Marx says. “Having talked to other airlines, I know it’s a major problem because it’s a mass-produced product. Everyone owns a laptop, a mobile phone and a camera, whatever. Lithium batteries are all over. This is a question that has to be solved.”

Ami Baram is CAL Cargo’s dangerous goods supervisor and head of ground operation quality assurance. Baram, 64, joined the Tel Aviv-based cargo carrier in 1999 and has been loading aircraft since he was 16. He says the best part of his job is seeing a 747 take off with 120 tonnes of cargo, including a large shipment of dangerous goods.

“What more could I ask for?” Baram says.

Baram is a hands-on leader, and at least three times per week he loads and offloads the aircraft himself to ensure quality control and the staff’s expertise. He is a certified dangerous goods instructor and the only instructor in Israel who leads everyday operations in dangerous goods supervision.

“We are checking 24 hours a day, checking our cargo, our pilots and documents,” Baram says. “That is the way to avoid any dangerous good incidents.”

CAL Cargo is authorized to transport all nine classes of dangerous goods not only with airfreight, but also in ground transportation. The carrier was the first all-cargo airline to earn certification with the IATA Operational Safety Audit (IOSA) in 2008. CAL is certified by the Civil Aviation Authority of Israel as an in-house dangerous goods school, instructing CAL employees and external clients.

“We are a global player. Every minute of every day, one of our dangerous goods shipments is moving, so we



CAL Cargo was the first all-cargo airline to earn certification with the IATA Operational Safety Audit. The carrier is authorized to transport all nine classes of dangerous goods.

have to ensure that the entire network is meeting safety regulations,” Rami Marom, CAL’s vice president ground operations and COO, says. “That’s challenging. We have to ensure that every change or update that comes from the regulators is carried out network-wide and that’s also challenging.”

Baram and Marom agree that transport of lithium batteries is the hottest issue in the industry. While many dangerous goods can be carried on either passenger or cargo planes, they believe that more and more dangerous goods will be defined as cargo aircraft only.

Marom says CAL encourages its staff to report problems they see during the loading process and learn from it. Tel Aviv is a hot area and many dangerous goods cannot be exposed to heat, so CAL air-conditions its aircraft prior to loading and restricts the amount of time cargo can be on the tarmac.

James Woodrow, Cathay Pacific’s director of cargo, says Cathay accepts all nine classes of dangerous goods and carried 236,107 tonnes in 2013. During the first half of 2014, Cathay uplifted 120,107 tonnes of dangerous goods.

Woodrow says Cathay adheres to all IATA Dangerous Goods regulations and also has its own standard operation procedure specifically designed for carrying dangerous goods.

“We very much value the continuous development of our staff’s expertise in the dangerous goods area, and all of Cathay’s cargo staff involved in dangerous goods operations must be trained and qualified according to both Cathay and IATA standards,” Woodrow says.

Cathay saw steady dangerous goods cargo growth last year, especially in the miscellaneous (9 percent) and dry ice (6 percent) categories.

“The challenge we see for the industry is to maintain a high level of safety awareness when transporting dangerous goods and intercept hidden items throughout the logistic chain from shipper, freight forwarder, to cargo warehouse, ramp handling agents and ultimately during air transportation,” Woodrow says. “This requires refreshing of dangerous goods knowledge from time to time and ensuring effective communications of key messages to all level of personnel effectively, including those new joiners to the industry, to ensure safe carriage.” **ACW**

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Warsaw's Chopin Airport has expanded its infrastructure to handle more freighters, including the completion of a new cargo apron.

Airport investment boosts cargo prospects in Eastern Europe

By Martin Roebuck

There was a time when poor airport infrastructure in Central and Eastern Europe, and underdeveloped airline networks, left the region's importers and exporters with little choice other than to truck their airfreight to and from hubs further west, such as Frankfurt, Paris and Amsterdam.

Local options serving manufacturers and consumers in Poland, Bulgaria, Hungary and the Czech Republic are now more viable, as economies

recover and airports invest in better facilities.

Warsaw's Chopin Airport (WAW) recently completed a new cargo apron to handle additional freighters. Located alongside the old cargo apron in the southern area of the airport, the new ramp can accommodate three wide-bodies such as AN-124s or six narrow-bodies.

The development follows last year's opening of a second cargo terminal to stimulate competition in handling and drive down prices.

"We are currently working on a new long-term cargo development strategy and plan to extend our infrastructure further," spokesman Przemysław Przybylski says. "The aim, as well as to retain our existing customers, is to capture market share from competing airports and road feeder services."

WAW handles more than 70 percent of Poland's air cargo traffic. Throughput in the first half of this year reached 27,300 tonnes, a year-over-year increase of 18.4 percent. In-



bound cargo stood at 15,400 tonnes and outbound 11,900 tonnes. There was a 12.8 percent increase in international mail traffic during the period.

The biggest cargo carriers were LOT Polish Airlines, with 9,500 tonnes, followed by UPS, European Air Transport (the regional feeder airline for DHL), Emirates and TNT Airways.

LOT has introduced B787-8s for its services to JFK, Chicago, Toronto and Beijing, significantly enhancing belly-hold cargo capacity, but the national carrier has been in financial difficulty for several years. The European Commission approved a government bailout worth 200 million euros (US\$267.6 million) in July. However, LOT is required to give up routes and slots at certain airports to ensure competitors are not disadvantaged.

Emirates, which launched a Dubai-Warsaw service only in 2013, operates

A330-200s or B777-200s according to season, but already, in its first, partial year of operations, took a 6 percent share at the airport thanks to its cargo-friendly passenger airplanes.

“As the largest cargo airport in northeast Europe, we have a large catchment area. The nearest airport with greater cargo throughput than Warsaw is Leipzig-Halle, around nine hours’ drive away,” Przybylski says. “Chopin Airport is a convenient location for cargo exchange between Russia, Asia, the Far East and northeast Europe. Airlines can save as much as one hour compared to other European hubs, and users benefit from shorter trucking distances. With the development of our infrastructure, we hope to capture some business from neighboring airports and become an attractive alternative to trucking cargo from the Baltic states, Hungary, the Czech Republic, Slovakia and Ukraine.”

Bulgaria’s Sofia Airport handled 7,546 tonnes of general cargo in January-June 2014, a decrease of 2.6 percent, partially offset by a 4.5 percent increase in mail to 874 tonnes. There was a slight bias in favor of import cargo.

Twenty passenger and four cargo airlines operate scheduled year-round services into the Bulgarian capital, with freighter and belly-hold cargo accounting for approximately equal shares of overall lift. The largest carriers are European Air Transport and Bulgaria Air. Among the fastest-growing airlines are Czech Airlines (up 50 percent this year), LOT (+25 percent), Qatar Airways, Lufthansa and Turkish Airlines.

Sofia boasts good road links to the neighboring countries on the Balkan Peninsula – Turkey, Greece, Romania, Serbia, Macedonia, Albania, Croatia and Slovenia.

The airport was certified for Cat IIIB very low visibility landings at the end of 2013. It claims to offer some of the lowest airport charges in the region, and says airline customers ben-



Przemyslaw Przybylski

efit from liberalized ground handling and fuel provision.

The collapse of Hungarian national carrier Malev Hungarian Airlines in 2012 forced Budapest Airport to shelve plans for an air cargo city. But with confidence returning to the market, the project, which includes the building of two cargo terminals, apron and related infrastructure, is back on the drawing board.

Construction of phase one, comprising an 118,000-square-foot (10,962-square-meter) warehouse with capacity of 150,000 tonnes of cargo per year, is set to begin late 2015. René Droese, property director responsible for cargo operations, says the airport’s main handler, Celebi, will lease space in the unit.

The development is close to Budapest’s Terminal 2, the recently built passenger terminal, convenient for belly-loading. The four integrators, which have less need for this connectivity, will remain at Terminal 1, where they can park more easily.

First-half cargo volume at BUD was 46,000 tonnes, level with H1 2013. The airport expects 1-2 percent growth for the full year. Imports exceed exports by 60 percent to 40 percent and around 85 percent of cargo is carried in freighter aircraft.

Turkish Cargo operates to Istanbul twice a week with an A330 freighter, while Cargolux and Azerbaijan’s Silk Way West run longer-haul scheduled

services. Silk Way West launched direct flights to Baku last March using a B767 freighter.

DHL uses Budapest as a central and east European parcel hub, shuttling daily to and from Leipzig with a B767. Separately, DHL's Global Forwarding arm opened a new logistics center adjoining the airport last year, handling airfreight, oceanfreight and trucked shipments.

Emirates will launch a daily passenger service to Dubai at the end of October, using A330s that offer 12-14 tonnes of cargo capacity, and is also considering adding Budapest to its freighter network.

A high-quality road network connects Hungary with Austria, Slovakia, Serbia, Croatia, Slovenia, Romania and Ukraine. "Budapest's centralized geographic location serves rapidly growing local and regional electronics, automotive, pharmaceutical and biotech industries," Droese says.

In October, BUD will introduce an improved incentive scheme for scheduled cargo carriers serving new destinations. Freighters with a maximum takeoff weight of more than 100 tonnes will pay no landing charges in year one, with support gradually reducing over the following three years.

Droese accepts that customers historically preferred Vienna, Budapest's main competitor just 150 miles away, because of its better road infrastructure and bigger passenger network. Budapest has worked hard to attract new carriers, especially from Asia, but recognizes that it also has to convince forwarders, who are better established at Vienna, of its benefits.

VIE saw a modest increase of 1.6 percent in cargo throughput in 2013, reaching 256,000 tonnes. Cargo carriers accounted for 36 percent of the total, passenger airlines 34 percent and trucking 30 percent.

The airport is home to Lufthansa subsidiary Austrian Airlines and has had some success in encouraging other Star Alliance carriers such as EVA Air, Air China and Ethiopian Airlines to add Vienna to their schedules.

With its two intersecting runways



Václav Havel Prague Airport is promoting itself as a hub for air cargo consolidation.

likely to reach capacity soon after 2020, VIE aims to build a third runway. The project received a positive decision in the first instance in July 2012, but the Austrian Federal Administrative Court is working through a number of appeals against the development.

Prague in the neighboring Czech Republic is also trying to win traffic from Vienna and handled 25,000 tonnes of cargo from January to June, 1.7 percent ahead of the same period in 2013. Most freight flies belly-hold, with just five scheduled cargo airlines calling PRG – FedEx, China Airlines Cargo, Belarus-based Genex, TNT and Farnair Switzerland, which operates Czech Airlines Cargo services.

Road feeder services account for more than one-third of the cargo handled in Prague's two cargo terminals. "Prague possesses all the attributes to serve as a cargo consolidation center for Central and Eastern Europe," a spokeswoman says. New highways connect the airport with Germany's southern provinces and with the eastern Czech Republic.

Leipzig/Halle (LEJ), Europe's fifth-largest cargo hub, handled 442,109 tonnes of cargo between January and June, a growth rate of 0.9 percent, after seeing a full-year increase of 2.7 percent in 2013.

Its largest customer is DHL Express, which self-handles at a dedicated facility. The company is investing there to expand sorting capacity.

Key to LEJ's success is its speed of handling, according to head of public relations Evelyn Schuster. Cargo on an inbound B747 freighter can be through the warehouse and on the truck within three hours of touchdown.

Among other benefits, Schuster cites twin, independently operated 11,800-foot (3,596-meter) runways; 24/7 operation, with no slot system and no congestion; access to the trans-European highway system; and a direct rail link.

Moscow's Domodedovo International Airport suffered a 4.3 percent fall in first-half cargo traffic, handling 88,890 tonnes. PR manager Irina Kumina blames the decline on political instability as well as economic weakness causing shippers to switch to cheaper modes such as road transportation or water.

Russian airports largely depend on transit cargo. With the country's widest route network, including domestic routes, DME offers unrivaled connectivity, Kumina says.

Belly-hold cargo represents 85 percent of DME's total, although AirBridgeCargo and Korea's Asiana operate scheduled B747 freighter flights. They were joined last year by privately owned Russian operator Transaero, using TU-204 freighters.

DME plans to open a new cargo terminal by the end of 2015, more than doubling its capacity to 405,000 tonnes per year. **ACW**

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The world's top 50 cargo carriers

FedEx, UPS top rankings, but Middle East grows at fastest rate

By Adina Solomon

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Cargo carriers made few strides in tonnage in 2013, according to World Air Transport Statistics from the International Air Transport Association.

The ranking of the top five cargo carriers remained unchanged compared to 2012. With lagging volumes the norm, almost every carrier interviewed by Air Cargo World talked about a focus on moving perishables.

Americas

FedEx held tight onto its No. 1 spot for total cargo, its tonnage increasing by about 2.1 percent. FedEx declined to comment for this story.

UPS Airlines again came in second for total cargo, though its total tonnage declined by 10.6 percent, according to IATA's statistics. But for Q2 of 2014, volume was up by 7.2 percent, with projects for the rest of the year of a little more than 5 percent increase in the U.S. and 4-6 percent increase in international, Mark McCloud, UPS Airlines CFO, says.

Export volume growth was up 9.1 percent, with the strongest growth coming from Europe and Asia.

"We're really excited about ex-

panding service to customers in emerging markets in Asia, the Middle East, Europe and the Americas," McCloud says. "We're keeping a close eye on emerging markets, and have created a business unit focused on developing opportunities in the Indian subcontinent, Middle East and Africa."

UPS Airlines is promoting free trade agreements (FTAs) including the Transatlantic Trade and Investment Partnership – a FTA between the European Union and the U.S. – and the Trans-Pacific Partnership – a FTA between 12 countries in Asia Pacific and the Americas.

"By reducing barriers to trade, these FTAs have great potential for improving the world's economy, creating jobs and improving standards of living all over the planet," McCloud says.

UPS is also expanding its international facilities, including adding 70 percent sort capacity to its European air hub in Cologne, Germany, and opening a new Trans-Pacific hub in Taiwan.

Back home, Q2 saw UPS' strongest domestic growth (+7.4 percent) in more than a decade. The business-

to-consumer segment drives most of UPS' growth in the U.S., McCloud says.

"This is fueled by the ever-increasing rise in e-commerce, and now, m-commerce. In our most recent quarterly earnings announcement, we also noted an increase in our B2B segment," he says.

McCloud reports substantial growth in deferred services such as Second Day Air and Next Day Air Saver.

UPS' Next Day Air Early A.M., which guarantees early morning delivery for time-critical shipments, is growing, McCloud says. The carrier recently expanded the service's coverage area for the second time in five months.

LAN Airlines, part of the LATAM Airlines Group, ranks as the 15th cargo carrier in the world, but it holds the No. 3 spot for the Americas. LAN had a 2 percent increase in scheduled freight tonnes carried in 2013.

During Q2 of 2014, cargo revenues at LATAM, which also includes TAM Airlines, decreased by 12.7 percent and capacity fell by 7.5 percent.

"Results this quarter were nega-

“Multiple large construction projects as well as the oil and gas industry in Qatar and other GCC countries also ensure heavy demand for import flows.”

— Ulrich Ogiermann



Ulrich Ogiermann

tively affected by reduced passenger and cargo demand during the FIFA World Cup soccer tournament held in Brazil,” LATAM said in its quarterly report. “The most significant impact affecting the cargo business during the second quarter 2014 were very weak seed exports, which resulted in a decline of almost 70 percent in tonnes of seed transported in April 2014 as compared to April 2013.”

Middle East

While Middle East-based carriers improved their tonnage figures, the 2013 statistics showed that only Etihad Airways significantly jumped spots (from No. 21 in 2012 to No. 16 in 2013).

Emirates SkyCargo was the No. 3 carrier in the world for total cargo, but No. 1 for international freight. The airline saw a 7.1 percent jump in scheduled freight tonnes carried compared to 2012.

Pradeep Kumar, Emirates senior vice president for revenue optimization and systems, cargo, says the Middle East region continues to perform well.

“In the [Gulf Cooperation Council], infrastructure developments continue to drive the need for materials and supporting logistics,” Kumar says.

“This is particularly noticeable in the UAE, Saudi Arabia and Qatar. A thriving and growing consumer society with spare capital to invest and a growing tourist industry, are all signs of on-going positive momentum for growth.”

Ulrich Ogiermann, chief officer cargo for Qatar Airways (No. 13), also says the Middle East is doing well. Qatar saw a 12.4 percent jump in its scheduled freight tonnes carried in 2013.

“The Middle East is benefitting from the stability of the traffic flows from East to West and the increased demand for perishable products being supplied to the rapidly expanding consumer population in the GCC countries,” Ogiermann says. “Multiple large construction projects as well as the oil and gas industry in Qatar and other GCC countries also ensure heavy demand for import flows.”

Kumar of Emirates mentions solid growth in Africa and a comeback in the U.S. Emirates recently started freighter flights to Atlanta and increased capacity to Chicago. Kumar also says more export volumes are coming out of Europe and points in Asia Pacific such as China.

“After several months of flat market conditions in Q1, we have wit-

Top Americas-based Carriers		
Rank	Airline	Tonnage *
1	Federal Express	7,080
2	UPS	4,086
3	LAN Airlines	785
4	Delta Air Lines	526
5	American Airlines	401
Top Middle East-based Carriers		
Rank	Airline	Tonnage *
1	Emirates	2,146
2	Qatar Airways	1,002
3	Etihad Airways	726
4	Turkish Airlines	538
5	Saudi Arabian Airlines	454

*in thousands

nessed rebound in market activities in the second quarter across the regions,” Kumar says. “With an upturn in world economy, the trade and business confidence picked up resulting in an improved performance for SkyCargo. Apart from robust growth in the Middle East and Africa regions, both Asia and Europe regional also contributed to the overall growth of nearly 6 percent in second quarter.”

Between September and October, Emirates will launch service to Oslo, Brussels and Budapest.

Ogiermann predicts that just about every region in the world but North America will do well for Qatar Airways.

“If we look at the current trend of increased cargo traffic between Africa and Asia, Africa emerges as one of the most promising markets in the near term,” he says. “In addition to Africa, we expect to see increased cargo traffic to and from South America and the CIS region. Finally, overall imports to the Middle East from Europe will continue to play an important role for airfreight.”

Emirates reports a healthy general freight business and increasing demand for pharmaceuticals and other

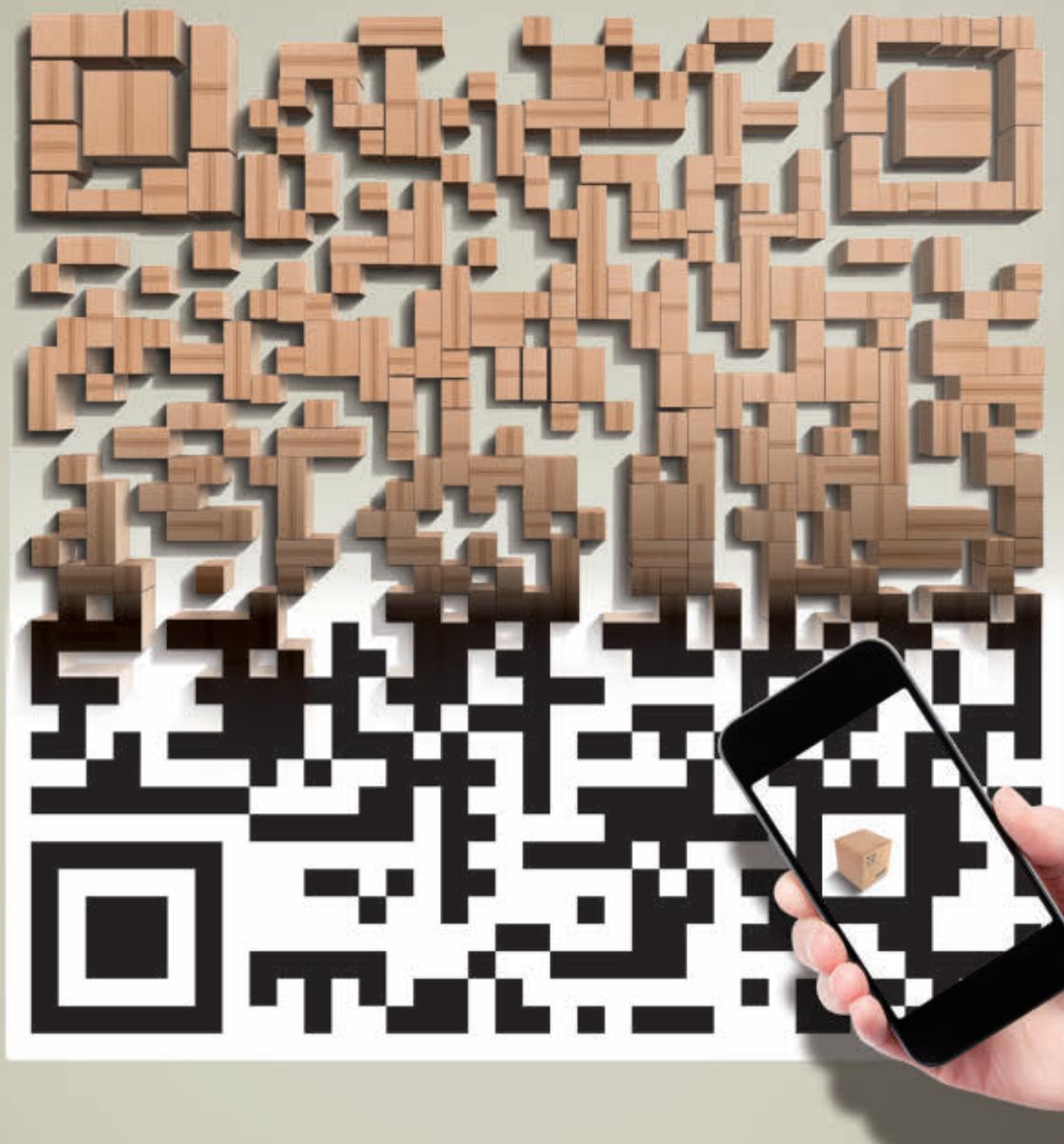
(continued on page 34)

Top 50 Carriers in 2013

By scheduled freight-tonnes carried

INTERNATIONAL			DOMESTIC			TOTAL		
Rank	Airline*	Tonnage (in thousands)	Rank	Airline*	Tonnage (in thousands)	Rank	Airline*	Tonnage (in thousands)
1	Emirates (1)	2,146	1	Federal Express (1)	5,110	1	Federal Express (1)	7,080
2	Federal Express (2)	1,970	2	UPS (2)	2,682	2	UPS (2)	4,086
3	UPS (3)	1,404	3	China Southern Airlines (3)	872	3	Emirates (3)	2,146
4	Korean Air (4)	1,365	4	Air China (4)	666	4	Korean Air (4)	1,449
5	Cathay Pacific Airways (5)	1,338	5	China Eastern (not ranked)	526	5	Cathay Pacific Airways (5)	1,338
6	China Airlines (7)	1,197	6	All Nippon Airways (5)	473	6	China Airlines (9)	1,197
7	Singapore Airlines (6)	1,092	7	Japan Airlines (6)	337	7	China Eastern (not ranked)	1,193
8	Qatar Airways (9)	1,002	8	Hainan Airlines (7)	281	8	China Southern Airlines (7)	1,178
9	Lufthansa (8)	991	9	Garuda Indonesia (9)	268	9	Air China (8)	1,095
10	Asiana Airlines (10)	838	10	Shenzhen Airlines (8)	259	10	Singapore Airlines (6)	1,092
11	LAN Airlines (11)	758	11	ABX Air (not ranked)	230	11	All Nippon Airways (11)	1,061
12	Etiihad Airways (17)	726	12	Sichuan Airlines (not ranked)	217	12	Lufthansa (10)	1,003
13	EVA Air (12)	714	13	Xiamen Airlines (10)	170	13	Qatar Airways (12)	1,002
14	British Airways (13)	668	14	TAM Airlines (11)	170	14	Asiana Airlines (13)	878
15	China Eastern (not ranked)	666	15	Lion Airlines (not ranked)	167	15	LAN Airlines (14)	785
16	Cargolux (14)	630	16	Trigana Air Service (not ranked)	140	16	Etiihad Airways (21)	726
17	Thai Airways International (15)	600	17	Southwest Airlines (13)	139	17	EVA Air (15)	714
18	All Nippon Airways (18)	588	18	Delta Air Lines (16)	121	18	British Airways (16)	670
19	Air France (16)	565	19	Shandong Airlines (not ranked)	115	19	Thai Airways International (17)	651
20	Turkish Airlines (22)	495	20	Qantas Airways (12)	104	20	Cargolux (18)	630
21	KLM (19)	449	21	American Airlines (18)	103	21	Japan Airlines (20)	600
22	Air China (20)	428	22	Gol Airlines (17)	97	22	Air France (19)	568
23	AirBridgeCargo Airlines (26)	426	23	Vietnam Airlines (19)	96	23	Turkish Airlines (25)	538
24	Delta Air Lines (23)	405	24	Cargojet Airways (not ranked)	85	24	Delta Air Lines (22)	526
25	Saudi Arabian Airlines (21)	397	25	Korean Air (14)	84	25	Saudi Arabian Airlines (23)	454
26	Malaysia Airlines (24)	362	26	Polar Air Cargo (20)	82	26	KLM (26)	449
27	Nippon Cargo Airlines (25)	362	27	Shanghai Airlines (not ranked)	80	27	AirBridgeCargo Airlines (31)	426
28	United Airlines (27)	319	28	Air India (23)	78	28	American Airlines (28)	401
29	TNT Airways (32)	312	29	United Airlines (15)	76	29	Malaysia Airlines (29)	398
30	China Southern Airlines (28)	306	30	Jet Airways (21)	74	30	United Airlines (24)	395
31	American Airlines (31)	298	31	Alaska Airlines (not ranked)	65	31	ABX Air (not ranked)	372
32	Martinair (29)	290	32	Aeroflot Russian Airlines (28)	58	32	Qantas Airways (27)	369
33	Qantas Airways (30)	265	33	Saudi Arabian Airlines (24)	57	33	Nippon Cargo Airlines (30)	362
34	Japan Airlines (33)	263	34	IndiGo (not ranked)	55	34	Garuda Indonesia (36)	346

* 2012 Top 50 ranking in parentheses



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INTERNATIONAL			DOMESTIC			TOTAL		
Rank	Airline*	Tonnage (in thousands)	Rank	Airline*	Tonnage (in thousands)	Rank	Airline*	Tonnage (in thousands)
35	SWISS (34)	244	35	Avianca (39)	55	35	TNT Airways (35)	312
36	Air Hong Kong (not ranked)	244	36	Philippine Airlines (25)	54	36	Hainan Airlines ((34)	311
37	Polar Air Cargo (35)	225	37	Transaero Airlines (29)	52	37	Polar Air Cargo (32)	308
38	Hong Kong Airlines (37)	218	38	Thai Airways International (22)	52	38	TAM Airlines (39)	307
39	Virgin Atlantic Airways (38)	210	39	Air Canada (26)	48	39	Martinair (33)	290
40	Air Canada (36)	207	40	Juneyao Airlines (27)	47	40	Shenzhen Airlines (37)	265
41	AeroLogic (not ranked)	204	41	Total Linhas Aéreas (not ranked)	46	41	Air Canada (38)	256
42	Ethiopian Airlines (40)	171	42	Hawaiian Airlines (32)	45	42	SWISS (40)	247
43	Dragonair (42)	161	43	Turkish Airlines (30)	44	43	Air Hong Kong (not ranked)	244
44	Iberia (39)	148	44	Azul Brazilian Airlines (not ranked)	41	44	Sichuan Airlines (not ranked)	220
45	South African Airways (41)	148	45	Asiana Airlines (33)	40	45	Hong Kong Airlines (42)	218
46	Air New Zealand (44)	145	46	SpiceJet (not ranked)	39	46	Virgin Atlantic Airways (44)	210
47	ABX Air (not ranked)	142	47	WestJet (not ranked)	39	47	Jet Airways (41)	206
48	TAM Airlines (not ranked)	137	48	Malaysia Airlines (34)	36	48	AeroLogic (not ranked)	204
49	Jet Airways (43)	132	49	South African Airways (31)	34	49	South African Airways (45)	183
50	Egyptair (46)	120	50	Malaysia AirAsia (not ranked)	33	50	Vietnam Airlines (47)	177

* 2012 Top 50 ranking in parentheses

Source: International Air Transport Association

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(continued from page 29)

perishables. The airline expanded its perishable handling capacity with the recent opening of the freighter terminal at Dubai World Central's Al Maktoum International Airport.

Emirates SkyCargo is also expanding its cargo handling facilities at Dubai International Airport. It is slated for completion by May 2015.

In addition to pharma, Ogiermann says Qatar also sees growing demand in the charter business, especially in construction, livestock and oil and gas. He says the airline is almost doubling its charter flights year over year.

Qatar Airways is upgrading services to Vienna, Moscow and Perth, Australia, between September and October. Beginning in November, the airline will increase operations to Madrid.

Asia

Korean Air Cargo was the No. 4 carrier in the world for total cargo. Its tonnage decreased by 6 percent compared to 2012.

But Korean Air's freight has shown demand growth, says Byeok Jin Kim, general manager and team leader of the airline's cargo product marketing team. In Q1 of 2014, Korean Air Cargo transported 285,961 tonnes, a 12.7 percent increase year over year. Korean Air's sales volume reached 2.9 trillion Korean won (US\$2.8 billion), 1.8 percent higher than that of last year.

"Although the growth rate of the air cargo market has somewhat slowed down due to the stagnation in emerging economies such as China, Korean Air's second quarter sales outcome is expected to be 1.6 percent higher than that of the first quarter," Kim says. "To cope with the decrease in industrial products cargo, Korean Air is actively engaged in the development of niche markets like fresh cargo and pharmaceutical cargo."

After the signing of the Canada-South Korea FTA in March, Korean Air began a cargo route between Incheon and Halifax, Canada, to transport live lobster.

"As the demand for fresh cargo is

"We react on the market demand. That's why we have reduced capacity when it is necessary."

— Florian Pfaff



Florian Pfaff

diverse according to the region and season, there is a need to develop new demand through an in-depth analysis," Kim says. "Such development of the fresh cargo market will be the driving force in the growth of the air-freight market."

Cathay Pacific Airways remained in its No. 5 position for total scheduled freight tonnes carried, though its tonnage decreased by 2.1 percent compared to 2012. In the first half of 2014, the Cathay Pacific Group, which includes Dragonair, reported cargo revenue rose by 3.4 percent year over year. Yield decreased by 6.9 percent.

"Overcapacity in the industry remains a major concern and has made it difficult to increase rates," Cathay said in its report.

The airline has concentrated on branching out. Its subsidiary Cathay Pacific Services Limited officially unveiled the Cathay Pacific Cargo Terminal at Hong Kong International Airport in February. With an annual handling capacity of 2.6 million tonnes, the new terminal is a common facility serving all airlines at Hong Kong Airport.

Europe

Overall, European carriers slipped in the IATA rankings compared to 2012. Lufthansa was the top European cargo airline, but it fell two positions to No. 12 this year. Its total tonnage remained virtually unchanged.

"What we see is 2014 is not the

Top Asia-based Carriers		
Rank	Airline	Tonnage *
1	Korean Air	1,449
2	Cathay Pacific Airways	1,338
3	China Airlines	1,197
4	China Eastern Airlines	1,193
5	China Southern Airlines	1,178

Top Europe-based Carriers		
Rank	Airline	Tonnage *
1	Lufthansa	1,003
2	British Airways	670
3	Cargolux	630
4	Air France	568
5	KLM	449

*in thousands

best cargo year in history," says J. Florian Pfaff, vice president area management Germany, at Lufthansa Cargo. "It's now a few years in a row that we don't really see a recovery in the demand for air cargo worldwide. There are obviously some regions where we have better development than others, but if you see it from a global perspective, we are not content with the overall business climate we're in."

Pfaff says Germany fares well for Lufthansa Cargo, but other places in Europe such as Italy and Scandinavia are declining. Though the airline sees some increases lately out of

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featurefocus Top Carriers

Asia, Pfaff says it remains to be seen whether it is sustainable. Overall, Latin America is stable.

Pfaff says Lufthansa Cargo is concentrating on its growth area: special products such as express, pharmaceuticals and dangerous goods. General cargo is not doing as well.

"That is the product where we see the biggest decline," he says.

Lufthansa's winter route schedule will be released by the beginning of October. Pfaff says twice a year, Lufthansa management from around the world meets for network day. The executives review the airline's routes, including those served by freighters, and explore whether these are profitable.

"We react on the market demand," Pfaff says. "That's why we have reduced capacity when it is necessary."

British Airways' IAG Cargo (No. 18) saw a 5.7 percent decrease in total tonnage in 2013. During Q2 of 2014,



Korean Air Cargo was the No. 4 air carrier in the world for total cargo tonnage.

IAG Cargo's revenue fell 12 percent compared to the same period last year. IAG Cargo attributed this to the airline's move in May to use capacity on Qatar Airways-operated freighters, in the process returning three B747-8 freighters it had leased.

The airline said this reduced freighter program meant reduced ca-

capacity and therefore diminished revenue.

In the first half of 2014, Lufthansa increased its load factors to about 70 percent. Pfaff says capacity management is important for the airline.

"I think that is the big task we have at Lufthansa Cargo in order to remain profitable," Pfaff says. **ACW**



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Cargo Chat: Manuel Agius

Manuel Agius was recently named chief officer cargo at Air Malta in Luqa, Malta. In an effort to strengthen freight, Air Malta has tasked Agius with setting up the cargo division as an independent business unit. On average, Air Malta moves 4,800 tonnes of cargo per year. Agius spoke with Air Cargo World about the island of Malta's freight industry and Air Malta working to set up a free trade zone at the airport in the future.

Tell me about Malta's air cargo industry.

The airfreight market in Malta basically is pretty dominantly import cargo. Bear in mind that we don't have resources, so most of the stuff comes into Malta. When it comes to exports out of Malta, mainly it's the manufacturing industry, in particular pharmaceutical products. As far as import is concerned, we import any kind of product. In other words, anything you can imagine is imported into Malta by airfreight. So in terms of the market, the overall Malta cargo business, it depends on airfreight. Other freight into Malta and out of Malta is trucking services and seafreight. So I would say those are the three modes of transport into and out of Malta. The airfreight mode is experiencing competition, especially from the road transportation, especially cargo that moves to and from European destinations.

There are fully-fledged companies that provide road transportation to and from Malta. Basically, it works out like this: They carry out the pickups throughout Europe, and they freight it in on their trade lanes over the weekend into Malta with a transit time of average between three to maximum five days. Naturally, being road transportation, obviously the cost element is far more competitive than the airfreight. But withstanding this, the airfreight business has continued to experience stability in the market.

Describe Air Malta's cargo operations.

Air Malta traditionally is a passenger airline. It operates to 35 destinations, mainly to Europe, including North Africa, like Tripoli and Algiers. In terms of equipment, we operate with the A319 and A320 aircraft, so these are passenger aircraft. Cargo is an important source of revenue for the airline, making use of the empty belly capacities of our passenger flights. In addition to that, to augment our capacities, we also operate a once-weekly freighter operation to and from Frankfurt with a 757 freighter airplane. So more or less, we're looking to fill our passenger capacity and sustaining that, and providing better equipment for heavy and bulky cargo throughout our Sunday freighter operation between Malta and Frankfurt. So cargo is an important source of revenue to the airline. Now, we don't normally carry cargo, in other words our product varies from cargo and mail, and also on-board courier. More or less, we provide service to these three kinds of commodities.

Tell me about your efforts to set up the cargo division at Air Malta.

My experience with airports goes back to the very early days



of Air Malta, and I was the one way back in 1990 to set up the Air Malta cargo assistance department. I spent some years outside Air Malta and recently, I joined Air Malta to fit in with the new strategy that Air Malta is looking at into establishing a cargo department as an independent business unit. So my task basically is to develop the cargo business, look into new opportunities and at the same time, look into creating a cargo village within a free zone area at the airport, whereas before we were looking at simply using our cargo capacities, the passenger capacities. The vision for the future is much more ambitious and developing the cargo in general.

Malta has an advantage. Being an island, we already have a free zone area for shipping lines. Now the distance between the free zone area for shipping lines and the Malta International Airport is only about 20 minutes by truck away. So having a similar situation at the airport, one can generate new business in conjunction with the shipping terminus.

Why does Air Malta want a separate business unit for cargo?

The idea basically is the cargo would function completely as a business unit within the airline rather than supporting. The strategy is that the cargo department or division will eventually be a profit center on its own, so not to be constrained with the philosophies of the passenger requirements. Our prime objective will remain filling the capacities of our passenger flights. At the same time, we want to venture into new opportunities being an independent unit, which can grow our business' cargo.

What new opportunities?

We're looking into land and air transportation. In other words, we can transport by truck, as an example, cargo from Malta to Holland and connect with another airline far beyond Europe. We want to expand our network. We're looking into modes of transport to support the airfreight business. As an example, we're looking into using air-land into Malta, in other words bringing things from the Far East, and hubbing into Europe, and we bring them by truck into Malta. So an association with the partnerships of various airlines we have and through interline agreements, we could make use of both modes of transport for the benefit of both our customers and also the airline. **ACW**

Air cargo in Africa: A call for action?

At the ICAO Meeting on Air Cargo Development in Africa, held Aug. 5-7 in Lome, Togo, many people said many things while expounding statistics and figures. ICAO summarized the first day's discussion: "Airfreight has allowed otherwise remote African regions to access world markets for agricultural and other products. The success of many economies and operations depends on rapid and reliable delivery in the best possible conditions — and airfreight is often the only transportation means to fulfill these requirements.

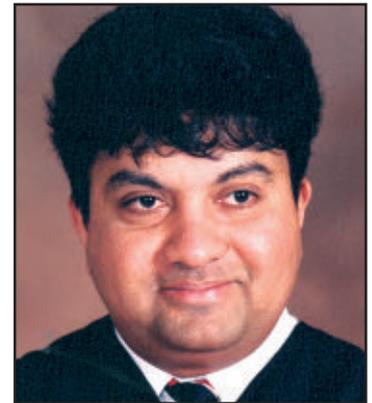
"The Yamoussoukro Decision established the foundations for Africa's strategy for the sustainability of air transport, through the harmonization of the aviation regulatory framework and the objective of liberalization of market access. However, in order for Africa to fully reap the benefits of the Yamoussoukro Decision, in particular the opening of air routes and the enhancement of connectivity, increased political will is necessary."

Of course, one need not go all the way to Lome to hear these words of wisdom. They have been made known to all in aviation for decades, particularly in the countless ICAO meetings on air transport in Africa. However, there are two areas that deserve further examination. The first is the status and implementation of the celebrated Yamoussoukro Decision of 1999. Curiously, the Yamoussoukro Decision was taken to implement the Yamoussoukro Declaration of 1988, 11 years after the Declaration was finally recognized by the African states as going nowhere. Secondly, ICAO did its typical dance of adopting a declaration over a declaration; there is a declaration, followed by a decision, followed by a declaration.

No one in the meeting seems to have challenged the African Civil Aviation Commission, which is the specialized agency of the African Union charged with implementing the Yamoussoukro Decision.

From a legal perspective, one can be forgiven for wondering what these declarations and decisions are. They are certainly not treaties, which at least are considered legally binding on the parties. Are they pacts?

Are the results of these declarations monitored? If their sole reason is to express commitment on the part of



Dr. Ruwantissa Abeyratne
President/CEO, Global Aviation
Consultancies Inc

countries, how do they demonstrate their commitments? It is arguable that an international declaration, signed by heads of states and setting guidelines and timelines, is a recognizable instrument in international law. However, is a piece of paper that is consensually "adopted" worth the paper it is written on? There have been instances at ICAO meetings where such declarations have been adopted by "acclamation" (i.e. by joint applause of the participants at a meeting!).

This brings me to part of the ICAO summary at the Lome meeting : "However, in order for Africa to fully reap the benefits of the Yamoussoukro Decision, in particular the opening of air routes and the enhancement of connectivity, increased political will is necessary." Any member of the legal profession would admit that political will can only be demanded and obtained through a treaty — a binding agreement — and not by a declaration which will be quickly forgotten by those who appeared to show consensus at the time it was proclaimed to have been "adopted." **ACW**

(Editor's note: Abeyratne has worked in aviation management for 30 years and was a senior professional at the International Civil Aviation Organization for 23 years.)



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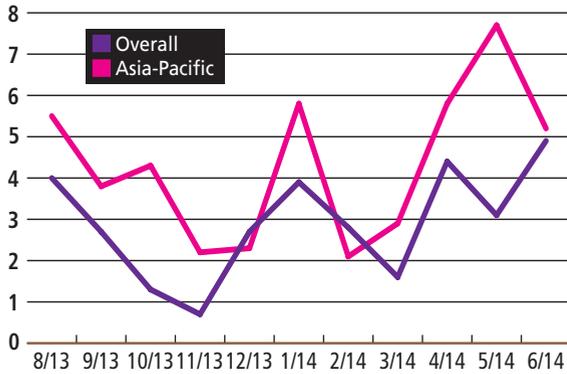
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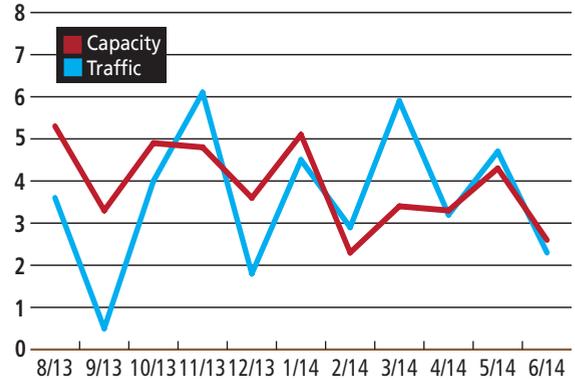
Monthly year-over-year percent change in overall freight traffic and Asia-Pacific freight traffic for European airlines.



Source: Association of European Airlines.

Total Freight Carried

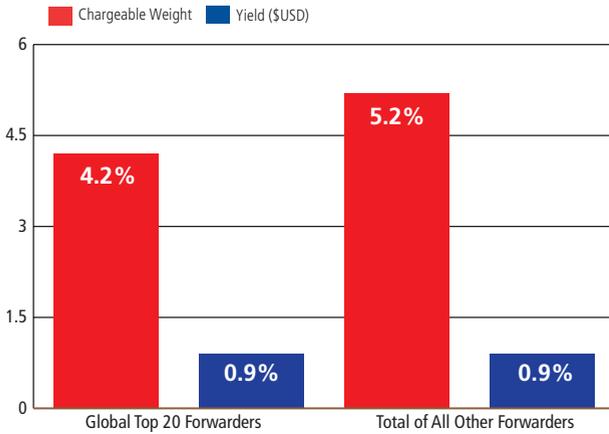
Monthly year-over-year percent change in total scheduled freight traffic and capacity worldwide in freight-tonne kilometers and available-tonne kilometers.



Source: IATA.

Sales Distribution

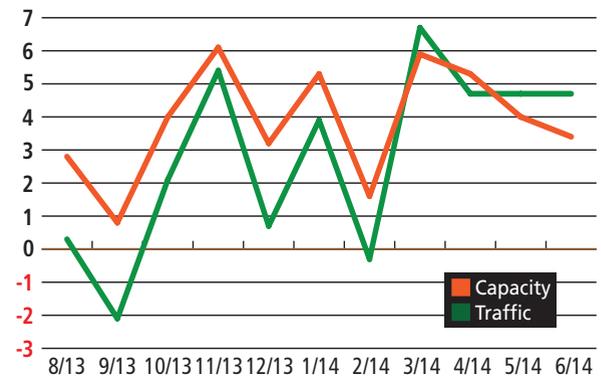
Air cargo worldwide change Year-over-Year (June 2014).



Source: WorldACD Market Data.

Carrying Asia

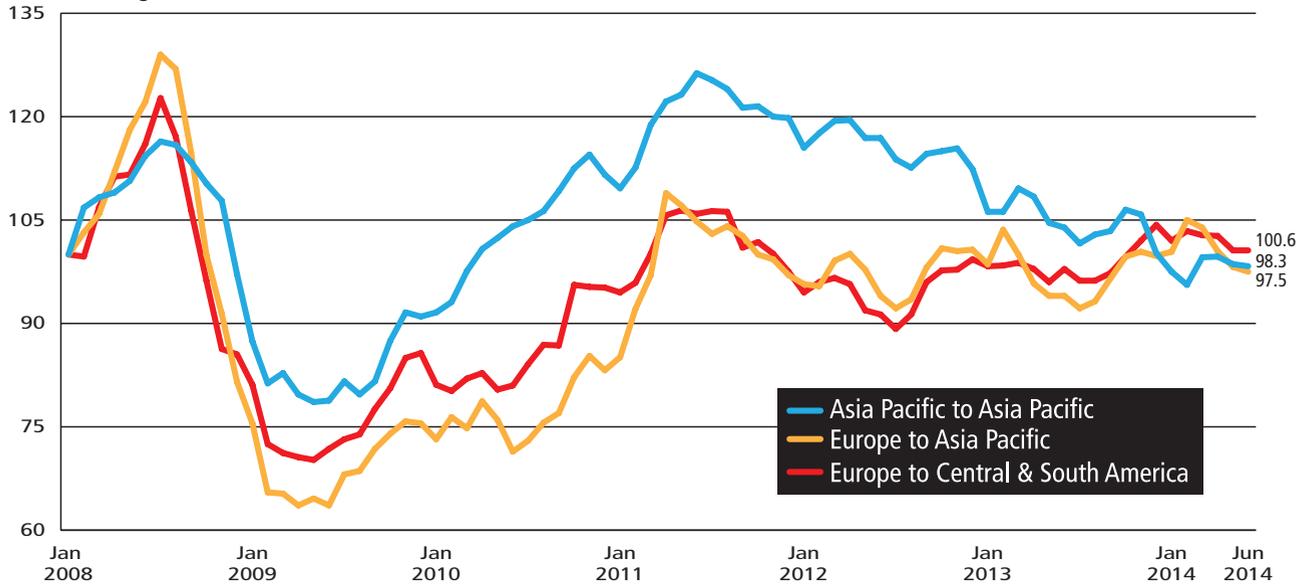
Monthly year-over-year percent change in capacity, in available-tonne kilometers, and traffic, in freight-tonne kilometers, of Asia-Pacific airlines.



Source: Association of Asia Pacific Airlines.

Yield Index Regions

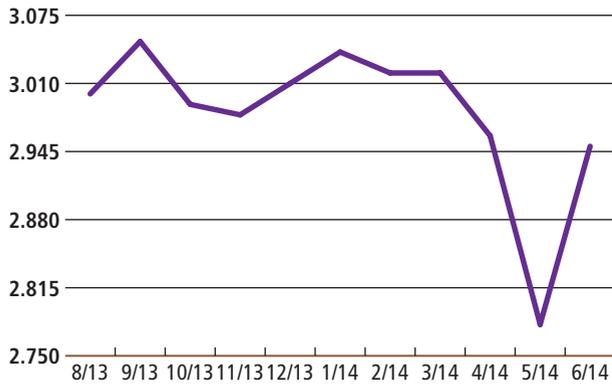
Air Cargo (USD) Yield Index (Jan 2008 = 100)



Source: WorldACD Market Data.

Fuel Cost For U.S. Carriers

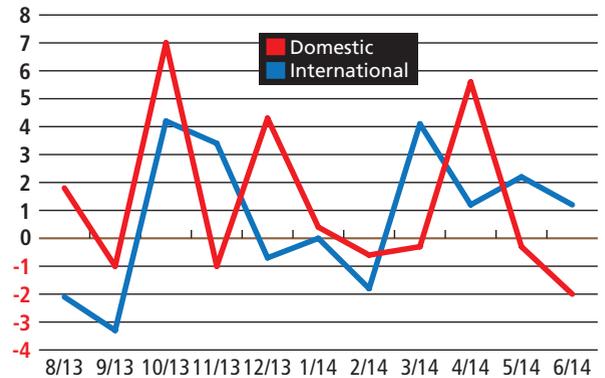
Cost per Gallon (Dollars)



Source: U.S. Bureau of Transportation Statistics.

U.S. Airlines

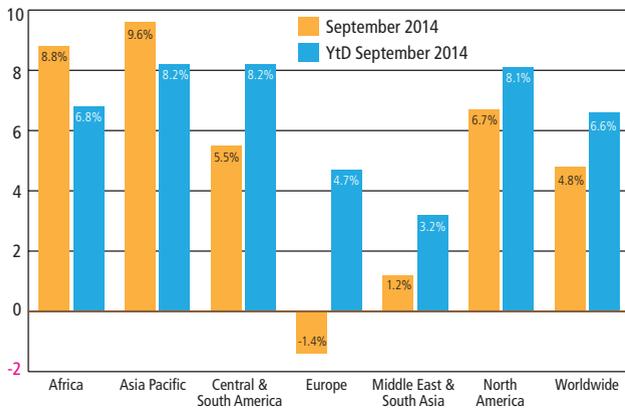
Monthly year-over-year percent change in domestic and international cargo traffic for U.S. airlines.



Source: Airlines for America.

Growth Per Region

Air Cargo Chargeable Weight Change Year-Over-Year*

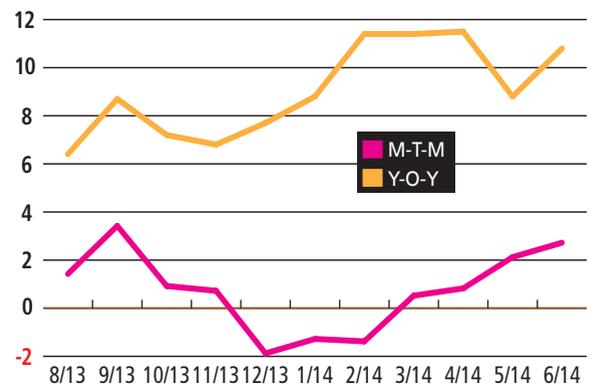


*Including Intra-Regional Air Cargo.

Source: WorldACD Market Data.

Semiconductors

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

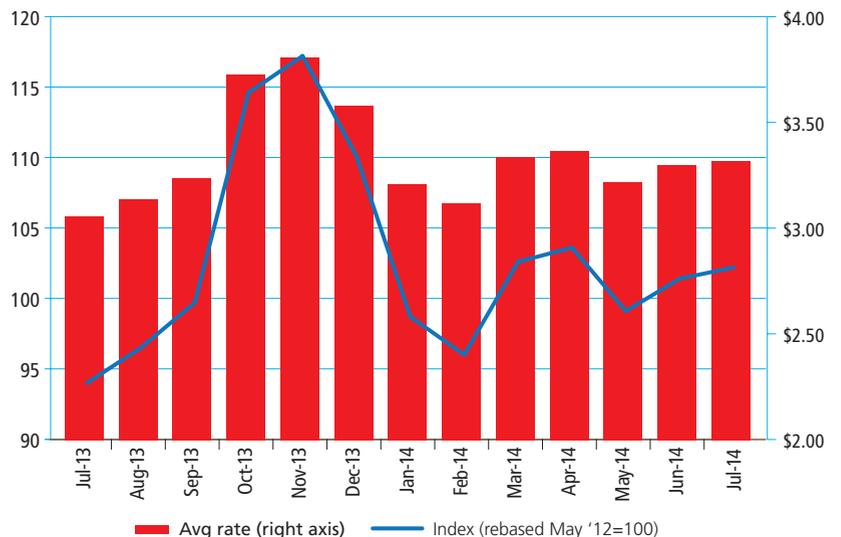


Source: Semiconductors for Industry Association.



The Drewry Report:

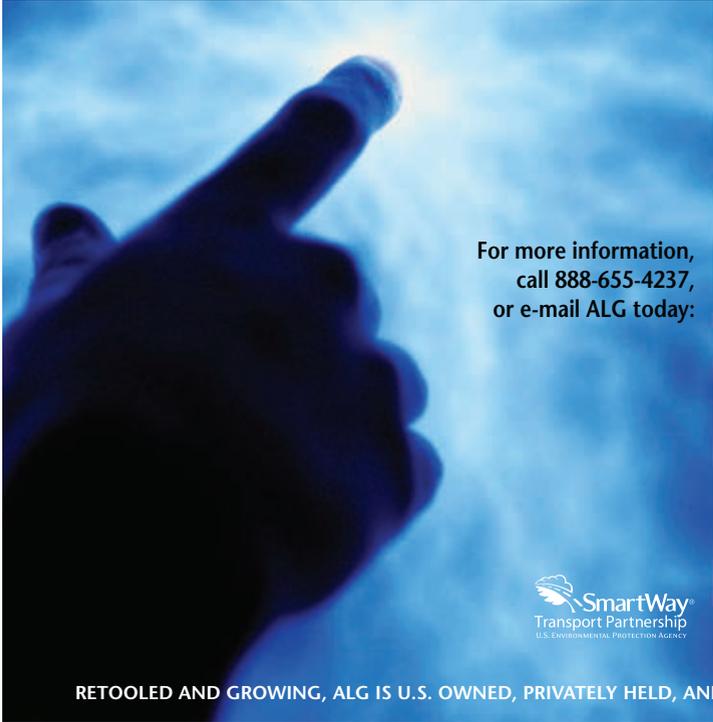
Drewry East-West Airfreight Price Index (May 2012 = 100)



Source: Drewry Sea & Air Shipper Insight.

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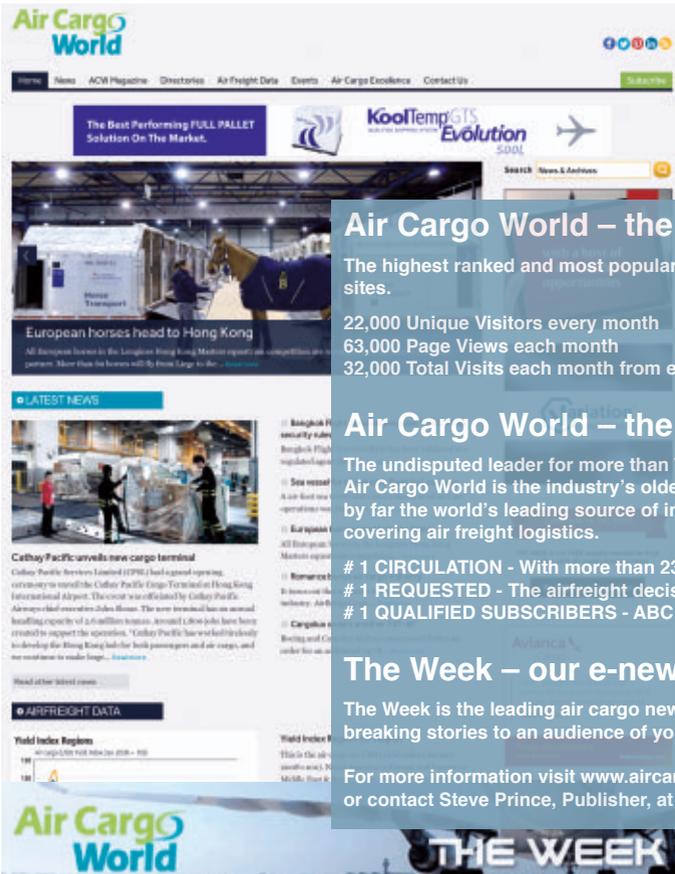
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AIRLINES

Anton Khodakovsky became **Volga Dnepr Group's** vice president, Japan and South Korea. Khodakovsky started work in the freight industry over 15 years ago. In 2004, after holding various positions in the freight sector, he joined Volga-Dnepr Group. During his 10 years with AirBridgeCargo, Anton has held various roles, including commercial director and regional director, Russia and CIS.

Air T, Inc. announced that **Robert G. Norton**, president and CEO of Air T's CSA Air subsidiary, assumed the same roles with Air T's other air cargo subsidiary, **Mountain Air Cargo**. **William H. Simpson**, Mountain Air Cargo's president and CEO, became chairman of CSA Air and Mountain Air Cargo, with a reduced workload. Air T is one of the largest, small-aircraft air cargo operators in the U.S.

Alain Guerin became head of marketing at **Swiss WorldCargo**. Guerin



GUERIN

draws on extensive air-freight and marketing experience. Within Swiss WorldCargo, he held several positions, including regional manager Western Europe (based in Paris) and regional manager Middle East (based in

Dubai). He also spent more than two years as head of sales and marketing Europe, based in Zurich. Beginning in 2012, Guerin worked at Lufthansa Cargo, serving as head of sales steering, marketing and controlling for the Americas, based in Atlanta.

David L. Campbell is now **Horizon Air's** president and COO. Campbell replaces **Glenn Johnson**, who retired Sept. 1. Campbell has more than 25 years of experience in maintenance and flight operations, most recently at Jet-Blue Airways, where he served as vice president



CAMPBELL

of maintenance and engineering. Prior to that, he served as vice president of safety and operational performance at American Airlines. He joined American in 1988 after serving for four years

in the U.S. Air Force. Horizon Air, which is based at Seattle Tacoma, is a subsidiary of Alaska Air Group.

India's **Jet Airways** appointed **Martin Drew** as vice president, cargo. Drew has over 20 years of experience in the air cargo industry with airlines such as Lufthansa Cargo, ANA Aviation Services and DAS Air Cargo. At Jet Airways, he will be based in Mumbai.

ASSOCIATIONS

The International Air Cargo Association (TIACA) appointed **Amar More**, senior vice president, Kale Logistics, to its board. More will work with the TIACA team to help achieve a wider adoption of E-freight across the air-freight industry. He has a strong background in supply chain technology and has worked with global cargo airlines, airports, ground handlers and forwarders to create digital cargo community systems, E-freight platforms and enterprise systems. More received the Chartered Institute of Logistics and Transport International Young Achiever Award in 2009, in recognition of his contribution to delivering technology services to the logistics industry.



MORE

The **British International Freight Association (BIFA)** named **Robert Keen** as its new director general to succeed **Peter Quantrill**, who retired from the trade association in August. Keen joined the industry in 1970 and worked for a succession of forwarders before joining BIFA in 1999. He was appointed an executive director of BIFA in 2009. He is chairman of the FIATA Multimodal Institute and a member of FIATA's Extended Board. He has also been chairman of the United Kingdom Air Cargo Club.



KEEN

MAINTENANCE & MANUFACTURERS

David A. Ford was named president of **Precision Aviation Servic-**

es (PAS), a Precision Aviation Group company. He is based in Peachtree City, Ga. Ford, who has held leadership roles at companies specializing in rotorcraft and gas turbines, replaces **Adrienne Robinson**. Ford will be responsible for managing PAS' role as a provider of products, value-added services and maintenance to the worldwide aerospace industry. He comes to PAS from Chromalloy Gas Turbines, where he was general manager of one of the company's largest divisions, Chromalloy Component Services, which specializes in engineering repairs of large gas turbines. Prior to that, he worked at Erickson Air-Crane, Keystone Helicopter Corporation and Sikorsky Global Helicopters.

THIRD PARTIES

CEVA Logistics named **Brett Bissell** as COO, contract logistics. Bissell joined CEVA in 2011 as executive vice president, Latin America. With more than 20 years of international experience, he previously served in executive positions with Flextronics International, including as vice president and country manager for Brazil, as well as general manager in Nagoya, Japan. Prior to Flextronics, he served in operational roles at Qualcomm, Motorola and Toshiba.



BISSELL

Logistics company **Crane Worldwide Logistics** began further development in the EMEA region. **Janine Seemke** was appointed as country manager for Germany. Seemke will direct the Central and Eastern European plans in the region.

Freight forwarder **Purolator International** named **Paul Jasko** district manager, Western U.S. Jasko comes to Purolator International, a subsidiary of freight delivery provider Purolator, with over 30 years of experience in the industry. He will be based in Purolator International's office in Inglewood, Calif. Before joining the company, Jasko served as the Midwest vice president and general



JASKO

events

SEPTEMBER 16-18

Princeton, N.J.: LogiPharma is a supply chain conference for pharmaceutical companies in North America. Now in its 13th year, LogiPharma covers a range of supply chain topics including risk management, emerging markets and cold chain. For more information, visit <http://logipharma.us.wbresearch.com>.

SEPTEMBER 17-19

Milan: The 2014 Air Cargo Handling Conference will feature panel discussions, workshops and presentations covering the most up-to-date developments in airport cargo operations. For more information, visit <http://evaint.com/our-events/air-cargo-handling-conference>.

SEPTEMBER 20-23

Chicago: 2014 will see World Routes return to the U.S. for the second year in a row after the Las Vegas event in 2013. For more information, visit www.routesonline.com/events/170/world-routes-2014/.

SEPTEMBER 21-24

San Antonio, Texas: The Council of Supply Chain Management Professional's Annual Global Conference provides supply chain industry information with practitioners, academics and service providers. For more information, visit <http://cscmp.org/annual-conferences/annual-global>.

SEPTEMBER 23-26

Moscow: The CeMAT RUSSIA intralogistics show will have around 200 exhibitors. The 5,000 people who attended CeMAT RUSSIA 2013 came from various regions of Russia as well as from neighboring states, such as Georgia, the Ukraine and Kazakhstan. For more information, visit www.cemat.de/home.

OCTOBER 7-9

Seoul: The 27th International Air Cargo Forum and Exposition will attract people from the airfreight industry in one of the world's fastest-growing air cargo hubs. For more information, visit www.tiaca.org/tiaca/ACF.asp.

OCTOBER 12-14

Kuala Lumpur: The Freight Summit is about making it easier for independent freight forwarders to network. For more information, visit www.the-freightsummit.com/.

OCTOBER 13-18

Istanbul: Themed "Sustainable Growth in Logistics," the annual FIATA World Congress will feature regional meetings and an airfreight institute. For complete information, visit www.fiata2014.org/Default.aspx.

DECEMBER 10-13

New Delhi: With more than 11,000 visitors in 2013, CeMAT India is an international trade fair covering materials

handling, warehousing and logistic services, and other fields. For more information, visit www.win-india.com.

FEBRUARY 10, 2015

Enschede, The Netherlands: The Unmanned Cargo Aircraft Conference teaches participants about unmanned cargo transport. For more information, visit www.ucaconference.com/.

FEBRUARY 25-27, 2015

Johannesburg: Air Cargo Africa is an international biennial event that showcases Africa's air cargo potential on a global scale. In its past two editions held in Nairobi and Johannesburg, the show has seen major participation from airlines and airports, particularly from Africa. For more information, visit www.stattimes.com/aca2015/.

MAY 5-8, 2015

Messe Munchen, Germany: Air Cargo Europe has more than 50,000 visitors from 110 countries. For more information, visit www.aircargoeurope.com/.

NOVEMBER 4-6, 2015

Miami: The Air Cargo Americas International Congress and Exhibition in 2013 was the largest air cargo exhibition in the Western Hemisphere. For more information, visit www.aircargoamericas.com/.

manager of Dynamex Logistics in Chicago. Earlier in his career, Paul spent 10 years as regional general manager with Emery Worldwide and Purolator Courier in the Southeast and Mid-Atlantic U.S., as well as four years with TNT Express Worldwide.

Kelvin Ko became CEO of **Cathay Pacific Services Limited** (CPSL), a subsidiary of Cathay Pacific Airways that

is operating the Cathay Pacific Cargo Terminal at Hong Kong International Airport. Prior to this, Ko was COO of CPSL. He was also one of the core members in the early stage of planning and design of the Cathay Pacific Cargo Terminal. Ko has over 20 years of experience in the air cargo industry. He has held various senior management positions at Hong Kong Air Cargo Terminals Limited

(Hactl), DHL Express and SF Express.

Don Jacobs was appointed director sales of **Jettainer**, a service partner for outsourced ULD management. Jacobs will focus on potential markets such as America and Asia. He has been working in aviation and logistics for over 20 years, and has held senior management positions for DHL and the British Airport Authority. **ACW**

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Learning to love 'co-creation'

When you first hear it, “co-creation” sounds like another one of those mysterious Washington, D.C., words that don’t make sense to people outside the Beltway. But based on my experience representing the Airforwarders Association on the development of the Air Cargo Advanced Screening (ACAS) initiative, it appears the U.S. Customs and Border Protection (CBP) agency is taking co-creation to heart and is determined to make it a term that we can all learn to love.

Co-creation is the way CBP describes its efforts to develop viable and lasting solutions that facilitate trade and better enforce laws in parallel with partners in the commercial trade community, the U.S. government and abroad. In the case of ACAS, it serves as the basis for a partnership between the government and private industry to use seven shipment data elements to assess risk on cargo before being loaded on flights to the U.S. The program envisions that CBP, the Transportation Security Administration (TSA), the airlines and freight forwarders will work together to retrieve this data for targeting as early in the process as possible, thereby enabling CBP and TSA to make a risk-based decision to load, examine or issue an order not to load the shipment in question.

To make ACAS as effective as possible, CBP has been sponsoring a voluntary pilot program with about 2 million shipments, mostly involving integrated carriers. While the pilot has started off well, there are a number of critical issues that we in the forwarder community have raised and would like to see addressed before CBP issues its imminent rule-making.

The AfA recently joined with others in the forwarder community to call on CBP and TSA to hear our concerns and try to address them. Essentially, we decided to put the entire concept of co-creation to the test.

One of our primary concerns is the scope of the rule-making itself. Industry believes that the rule should be limited to only the data elements identified in the pilot program, that those elements should be filed prior to loading or departure at the last point of departure, and that messaging instructions to the filer should be concise and not go beyond resolutions that fall within the purview of TSA.

We also want to make sure that any ACAS rule should maintain a level playing field for all filers without creating an unfair competitive business advantage for one over another, regardless of the industry segment. This is critical in a highly complex and diverse industry that is comprised



Brandon Fried is the executive director of the U.S. Airforwarders Association

of more than 4,000 forwarding companies ranging in size from huge multinational organizations with offices around the world to small mom-and-pops that rely on an extensive network of independent agents and overseas airports.

In letters to CBP and TSA, we also outlined a range of more specific concerns that we feel need to be addressed. We’d like the process for messaging and mitigation on ACAS filings to be thoroughly tested and verified, and we’d like the question of penalties and bonding for filers to be resolved. The way that penalties are assessed needs to be refined to give forwarders the opportunity to get themselves into compliance, and the bonding issue regarding overseas forwarders needs to be addressed. And we have additional questions involving trusted shipper rule sets, how targeting directives will mesh with U.S. screening protocols in foreign countries and what happens to in-transit cargo that could require additional screening in countries where the cargo stops on its way to the U.S.

All of these and more were outlined in our industry leaders to CBP and TSA. And you know what? CBP responded. Not on every issue, but the agency announced that the ACAS pilot has been extended for another year and that the number of forwarders participating in the pilot will be expanded. This is an indication to me that the agency hears our concerns and is willing to get these issues resolved in the fullness of time.

In a city where partisan bickering frequently stalls legislation, CBP’s employing co-creation as a framework for an advanced data targeting program – and particularly in responding to forwarder concerns – is highly encouraging. Since other countries plan to use the ACAS program as a guide for their similar required initiatives, getting it right through stakeholder engagement will not only promote global regulatory harmonization, but will also make aviation worldwide safer. **ACW**

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