Air Cargo World

THE SOURCE FOR AIRFREIGHT LOGISTICS

International Edition • AirCargoWorld.com • November 2014

Charters on the Upswing

p.20

Caspian Cargo Opportunities

p.26

Global Top Cargo Airports

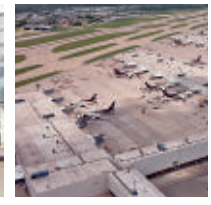
p.30

Contents

Volume 17 • Number 10 • **November 2014**

Features

Around the World



A Volga-Dnepr Antonov An-124 unloads oversized machinery at Yubileyniy Airport near Baikonur, Kazakhstan.

Departments

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Air Cargo World (ISSN 1933-1614) is published monthly and owned by Royal Media. Air Cargo World is located at 1080 Holcomb Bridge Rd., Suite 255, Roswell, GA 30076. Production office is located at 2033 Sixth Avenue, Suite 830, Seattle WA 98121; telephone 206-587-6537. 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.

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Plugging the brain drain

John W. McCurry
Editor

The early morning workshop held on the last day of TIACA's Air Cargo Forum in Seoul was sparsely attended, but it can be argued that it might have been the session with the most long-range ramifications of the event's three-day run. Dubbed the "brain drain" workshop, it brought together a collection of industry veterans concerned about air cargo's lack of investment in recruiting, training and retaining young talent.

This is a topic that has gained momentum in recent years, with programs such as IATA's Future Air Cargo Executive (FACE) program and TIACA's new Professional Development Workshop Program. But much remains to be done to stave off what could become a serious talent shortage.

"This industry is all about people," said Charles Edwards, head of the North Carolina Center for Global Logistics, and the session's moderator. "They create the shipments and handle the shipments, and we need to take care of who is coming on behind us. How the heck do we bring in the new blood?"

One way is through high-profile scholarships. Cargo Network Services (CNS) launched its college scholarship program in 2013 with $10,000 split between three students. CNS head Warren Jones thanked Southwest Airlines for sponsoring the scholarship, but said more industry support is needed to boost the amount. The scholarship quickly paid dividends for the top winner, who was soon offered an internship with British Airways, he said.

Wally Devereaux senior director, cargo and charters, at Southwest Airlines, said sometimes the best talent doesn't come from college logistics programs. He advises not limiting the talent pool to one academic discipline.

"We work with the University of North Texas, and a lot of the interns we get are just people we find to be great fits for our organization," Devereaux said. "We have found great success, and our interns are learning the business."

Celine Hourcade, IATA's manager, cargo industry affairs, oversees the FACE program which has held several "summits" over the last few years says it's more of an industry-wide program rather than just an IATA event.

"FACE is a good way to learn and a good way to network," Hourcade said.

TIACA partnered with Strategic Aviation Solutions International (SASI) to produce the first Professional Development Workshop Program in June in Amsterdam. It met with positive reviews, with 13 participants studying a variety of industry disciplines over three days.

"It brought together people with potential so they could interact," said Boeing's Jim Edgar, who headed up the program. "It turned out way better than I expected."

The next program is set for February in Johannesburg in connection with Air Cargo Africa. Edgar said he hopes to schedule three or four a year.

"We need a critical mass for case studies," Edgar said. "I don't want this to be a one-off. It's got to be perpetuated and we need a long term vision."

Participants agreed that each company in the industry needs a "champion" to mandate these types of training programs. They said many top top-level executives are supportive, but that support wanes amongst mid-level HR and finance managers.

It would behoove the industry's leaders to get solidly behind these programs. There's little doubt that air cargo's future depends on it.

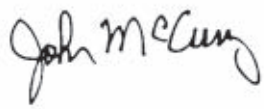

Photo: Peter Bakema/Wikimedia

Veteran Avia, an associate carrier of Aerospace One, is among carriers added to the U.S. government's Federal Registers List.

Aerospace One goes down over Syria

It sure does not pay to mess with Uncle Sam. That is what would-be European cargo charter carrier Aerospace One found out the hard way.

Now defunct of its own accord, the Greek-registered airline has formally been blacklisted by U.S. authorities over claims that it operated flights into Syria carrying large amounts of Russian currency in support of the Assad regime. The airline has also been accused of weapons trafficking and, in addition, attempting to export an aircraft from the U.S., which, it was said, would be used to further its support of the Syrian government.

As a result, Aerospace One and its associate carriers, Veteran Avia and Rayyan Air have all been added to the U.S. government's Federal Registers List. Issued by the Export Administration at the Bureau of Industry and Security (BIS), this list identifies entities that are deemed to have engaged in activities contrary to the interests of national security.

The American authorities appear to have gone out of their way to identify the fact that all of the carriers named were headed by Indian businessman Jaideep Mirchandani and family members. "Specifically, all of these companies were either owned, operated or controlled by Jaideep Mirchandani and family members Indira Mirchandani and Nitin Mirchandani, which have been involved in activities in support of the Syrian regime," says the ruling. "In addition, Mirchandani and certain other entities were attempting to export a U.S. aircraft that would be used to further support the Syrian regime and, separately, engaged in transactions involving weapons trafficking."

Mirchandani and his various aviation enterprises are also accused by the U.S. of engaging in transactions with companies on the U.S. Treasury's Specially Designated Nationals list. These companies include Iran's Mahan Air, which, it is claimed, directly supports the terrorist activities of the country's Islamic Revolutionary Guard Corps-Qods Force.

Can it get any worse? Well actually, it can. Apparently the Mirchandani empire is also under investigation by U.N. entities for its alleged activities in North Korea.

Mirchandani's moves

Aerospace One was launched by Jaideep Mirchandani as his first venture into the European market with what he said would be a combined charter and ACMI operation. The carrier acquired a European AOC on the Greek aviation register, and chose the little-known French airport of Châteauroux as its European operational hub.

The airline was to be represented exclusively in Europe by Chartersphere, a London-based charter broker. Chartersphere was an already-established charter broking operation, started by managing director Paul Bennett, but which listed Jaideep Mirchandani alongside Bennett as co-owners.

A 747-200 freighter, reputed to be more than 30 years old, was acquired from one of Mirchandani's other aviation ventures, the Pakistan-registered Rayyan Air, with which to initiate service by Aerospace One. The choice of the fuel-guzzling 747-200F was defended on the grounds that, while it had a higher fuel-burn rate, it was cheaper to operate than the 747-400F. One factor thereby cancelled out the other, according to the carrier's math.

Based on this theory, a further 747-200F was expected to follow, with intended migration to 747-400F equipment at a later stage. By early this year it appeared that that second 747-200F had been acquired. The aircraft's planned business model stated that one aircraft would be retained to operate ad hoc charters and the second would be put out to ACMI work.

Media reports in May indicated that Aerospace One was also set to take delivery of its first 747-400F. The aircraft in question, according to reports, was originally intended for acquisition by another European start-up, Air Cargo Global. Reports said the aircraft had even been ferried from Frankfurt-Hahn airport in Germany to Indonesia's Jakarta Soekarno-Hatta airport for pre-delivery checks.

It seems it was prior to this that Mirchandani allegedly made attempts to acquire additional capacity from the American market, and it was this movee which prompted the U.S. authorities to intervene.

It is understood that the BIS earlier

this year ordered Marana Airpark, a well-known Arizona aircraft boneyard, to detain a 747F aircraft, the consignee of which was determined to be Aerospace One.

The aircraft in question appears to be a 747-281F/SCD, which was pictured at Marana Pinal Airpark in early January this year. Already liveried with the Aerospace One insignia on the side, the aircraft is listed as previously being operated by Southern Air.

Aerospace One has now ceased operations, a similar fate having apparently also befallen Rayyan Air. It is not clear what has happened with Veteran Avia, but it also appears to have gone off the radar. One of Mirchandani's more successful aviation ventures, Veteran was an Armenian-registered carrier, but based in Sharjah in the United Arab Emirates. Again, largely operating 747-200F equipment, it was, at one point, leasing capacity to Saudia Cargo.

Unanswered questions

This whole extended saga throws up a myriad of unanswered questions. Chiefly, why did Jaideep Mirchandani go to such lengths and expense to gain the necessary credentials, AOC included, to launch a European accredited cargo airline, only to see that carrier shut down in the way it apparently has been?

But Jaideep Mirchandani, it appears, has never been far from controversy with his various air cargo enterprises. Back in 2002, as the then-owner of a cargo company called Sam Avia, he was indicted by an Indian court, accused of operating a series of illegal flights between Delhi in India and Dubai in the United Arab Emirates. The court also alleged that Sam Avia, along with Kazakhstan airline GST Aero, operatedat least six illegal flights using An-12 freighters.

What intrigued the Indian authorities were the lengths to which the purported conspirators had gone to facilitate the flights. This included allegedly producing a forged letter on the letterhead of the Kazakhstan embassy, which was submitted to two Indian ministries in order to gain the necessary flight clearances.

Two years earlier, Sam Avia had been investigated by India's Directorate of Revenue Intelligence. This time the company was accused of being involved in a fraud, whereby goods were flown out of India by Sam Avia, ostensibly to Russia. However, the flights only reached Dubai, where the goods were offloaded and sold at a higher price. ACW

Cologne capacity boost buoys UPS

Integrators' parcel volumes and revenues continue to accelerate in Europe in sharp contrast to the trend in air cargo, where the established carriers are suffering from weak demand and rate stagnation.

UPS is specially well placed to benefit from the uptick in the small package market after massively expanding its European hub in Cologne for the second time in eight years. Sorting capacity was doubled to 110,000 packages per hour in 2006. In March of this year, the opening of the North Facility took capacity during the critical 11 p.m.-2.30 a.m sorting window to 190,000 packages per hour.

U.S. domestic packages currently account for 62 percent of UPS's business, a figure that has decreased by a couple of percentage points over the last five years as international packages (22 percent) and freight and supply chain services (16 percent) have expanded.

International package movements accounted for 25 percent of UPS revenue in 2013 and are now the fastest growing segment. "We're not just enablers but facilitators of global trade and emerging-market growth," said Carsten Helssen, Brussels-based public relations manager, during a tour of the integrator's extended hub.

UPS invested $200 million in its Cologne hub.

Europe accounts for half UPS' international package business. It has more than 400 facilities across the continent, serves 65 airports and employs 44,000.

Unexpectedly rapid volume growth in the April-June period nevertheless caught the company unawares. Following UPS' $200 million investment in the hub, Cologne was not the pinch-point so much as a lack of air and road transportation. Management was forced to charter in additional resource – a nice problem to have, though it pushed up second-quarter delivery costs.

Cologne is positioned at the center of the so-called "blue banana," the portion of Western Europe stretching from northwest England to north Italy that includes the continent's industrial and commercial heartland.

The city's airport is less affected by fog, ice and snow than the rest of Germany and, crucially, there is no talk of the curfews that have constricted night operations at Frankfurt and other locations across the region. ACW

Nonprofit Airlink is one of the key participants in the early efforts to provide humanitarian relief to Ebola-stricken Africa.

Cargo carriers boost efforts to battle Ebola

As the Ebola epidemic in West Africa continues to expand, and as many commercial flights to the countries affected have dried up for fear of spreading the disease, several cargo carriers have ramped up efforts to bring desperately needed medical equipment, safety gear and pharmaceuticals to the stricken region.

One of the key participants is Airlink, a nonprofit organization that connects commercial airlines with humanitarian aid groups. The group recently received a grant from the Paul Allen Family Foundation to set up an "Air Bridge" lifeline to West African destinations in support of the battle to contain the Ebola outbreak.

As of early October, Airlink said it was still in early stages of building up the Air Bridge, but it had begun consolidating cargo shipment from the U.S. The supplies – mostly medical equipment and protective gear – are typically flown out of Chicago O'Hare (ORD) on Nippon Cargo Airlines to Liège, Belgium (LGG), where they are transferred to a chartered Western Global MD-11F. Those charters are then sent to one of the three of the hardest-hit destinations: Monrovia, Liberia; Freetown, Sierra Leone; or Conakry, Guinea.

One such Airlink-arranged flight, scheduled for Oct. 11, was said to be carrying 20 tonnes of supplies for the Centers for Disease Control and Prevention (CDC), 10 tonnes for the Canadian Mission to the U.N. and 20 tonnes for the Save the Children organization. Air Canada and FedEx have also helped with moving the cargo from the U.S. to Liège.

Airlink participant ATX Air Services LLC, a subsidiary of Hillwood Development, also provided a 737F charter in late August to transport 15,000 pounds of critically needed medical protective equipment such as masks, gowns, gloves and other medical supplies from its home base of Ft. Worth, Texas, to Roberts International Airport (ROB) in Monrovia, with an interim stop at New York's JFK airport to load additional aid.

This summer, Cargolux began cooperating with Médecins Sans Frontières (Doctors Without Borders) to bring supplies from its Luxembourg hub to ROB in Monrovia. The all-cargo carrier said that one of its chartered 747Fs flew 71 tonnes of safety equipment, sanitation gear and chlorine for MSF on Sept. 19.

As of Oct. 10, the World Health Organization has reported about 8,400 cases of Ebola virus disease since outbreak began in the spring, causing more than 4,000 deaths – a disturbingly high mortality rate of roughly 48 percent. Symptoms of the disease may not appear until as many as three weeks after infection begins, making the spread of the virus especially difficult to track.

For deadly viruses with long incubation periods, air travel is one of the key vectors that can lead to a pandemic. As a result, the CDC has issued interim guidelines for passenger and cargo airlines, based on precautions used during the far-less-lethal SARS outbreak of 2002-2003. Under the CDC rules, airlines would be allowed to deny boarding of travelers showing symptoms. Because Ebola is transmitted only by contact with bodily fluids, air crews are instructed to follow normal infection control precautions, including isolating sick passengers, donning protective gear and using hand sanitizers.

These precautions, of course, come at a cost. Cargolux has warned its customers that it had to raise its rates on Oct. 1 for flights to the hot zones in West Africa. Most of the extra cost, levied on e per-kilogram basis, comes from the carrier's decision to fly double its usual flight crews, so that one crew can rest while the other flies, and neither has need to leave the aircraft for layovers during each trip.

Individual Ebola cases that turned up in Spain and the U.S. led may countries to begin screening international passengers at selected air-

ports for signs of high fever, aches, vomiting and other typical Ebola symptoms. In the U.S., the Department of Homeland Security has enhanced entry screening procedures at JFK, ORD, Washington-Dulles (IAD), Newark Liberty (EWD) and Hartsfield Jackson Atlanta (ATL) for passengers arriving from Guinea, Liberia and Sierra Leone. ACW

(Note: The nonprofit Airlink program depends on volunteers from the aviation community. For more information about providing help, please visit airlinkflight.org.)

Dubai International cargo volume up in August

Despite a recent focus on the expansion at the nearby Al Maktoum International at Dubai World Central (DWC), cargo volume at the older Dubai International Airport (DXB) was up 4.3 percent in August, compared to the same period in 2013.

The 192,902 tonnes of airfreight handled at DXB reflects the return of about 600 passenger flights per week that had been diverted during the airport's 80-day runway upgrade that concluded on July 20.

The performance is impressive considering that all freighter traffic was shifted from DXB to the massive new DWC earlier this year. The August upswing, however, was not enough to make up for the reduced volume during the time the runway was closed, and year-to-date cargo volume through August at DXB was down 2.2 percent to 1.56 million tonnes.

Dubai International Airport handled more than 192,000 tonnes of freight in August.

"It's good to return to more robust growth figures resulting from full capacity and ongoing network expansion after being constrained to a one-runway operation for nearly three months," said Paul Griffiths, CEO of Dubai Airports. "The numbers are far more indicative of the growth trend we expect to see for the remainder of the year and will be crucial in our journey to the top of the list of the world's busiest international hubs." ACW

Tunisair to receive first widebodies in 2015

Tunisair said it expects to receive two of three ordered A330-200s by May or June of next year. The cargo-friendly aircraft will be the first widebodies owned by the Tunisian carrier, with the exception of an A340-313X it has ACMI-leased to Malaysian carrier AirAsia X.

The larger aircraft are part of the carrier's plans to expand its long-haul flights to the North American market, according to Tunisair's managing director Salwa Sghaïer.

Tunisair currently operates a fleet of twenty-nine aircraft, including four A319s, 16 A320s, and nine 737s. ACW

Hactl obtained Good Distribution Practices accreditation for handling pharmaceuticals.

HACTL extends reach

Hong Kong Air Cargo Terminals (Hactl) is on a roll. After years of lackluster spikes, operators are predicting a "real" peak season this year. But even before its onset the handling giant has registered robust growth. In the third quarter, its throughput climbed 7.6 percent.

Particularly encouraging was a 37.3 percent jump in transhipment volume, notes Hactl chief executive Mark Whitehead, pointing out that it reflects "the continuing development of Hong Kong as the preferred regional transhipment hub." Whitehead says he is glad the hole left by the departure of Cathay Pacific last year appears to be filling up faster than anticipated. But he injects a note of caution, citing "the negative news coming from the Euro zone and its softening currency, plus the unresolved conflict in the Ukraine and how that might impact Russian trade."

Whitehead is less concerned about the spectre of a large-scale migration of manufacturing away from the Pearl River Delta in search of lower production costs. He claims to have seen little obvious evidence of such a trend, but stresses that, in any case, there are bigger prospects for growth in the region. These include Beijing's pledge of government funding to attract additional business there, as well as the new bridge linking Hong Kong with Zhuhai and Macau, which is scheduled for completion in 2017. The bridge will improve communications, speed up transit times and reduce logistics costs, he predicts.

Increased competition

Airports in China have been nipping at Hong Kong's heels, a trend that is not likely to abate. In September of last year, a pilot project for a trade zone in Shanghai that extends to Pudong International Airport was launched in an effort to explore new avenues for international trade flows and investment, as well as liberalize logistics and shipping services.

Whitehead says he is unfazed by this, arguing that it will take years for any airport in China to pose a real threat to Hong Kong's pre-eminence, given its unrivalled frequency and spread of air services, which favors transit and interline traffic. While airports in China build up their traffic, Hong Kong will continue to grow as a regional hub and transit point for Southeast Asia and Australasia, he argues. "The only potential problem is any delay in obtaining our third runway," he adds.

The Hong Kong Association of Freight Forwarding and Logistics agrees on the need for the third runway but also sees a growing need for more logistics facilities, warning that most existing warehouses are operating near capacity.

For its part, Hactl is looking to expand its trucking activities across the border through its Hacis subsidiary, which has been running scheduled RFS trucks to a number of points in China. Whitehead reckons that it has barely scratched the surface so far. "There is considerable scope for further expansion of the network from Hong Kong, and also radiating from other airports located further inland. As road infrastructure improves further, RFS becomes ever more viable as a simple, cost-effective, no-risk way of enabling carriers to widen the cargo catchment for their flights," he reflects.

The heightened focus on Hacis has been underscored by the appointment of its managing director to the Hactl board in August. "Hacis is already becoming increasingly important within the group, and we have much greater expectations for it in the future," Whitehead confirms.

Another avenue for growth lies in the development of special services. In response to the increase in pharmaceutical traffic, Hactl obtained Good Distribution Practices accreditation in July to be in line with the World Health Organization's quality assurance guidelines for pharmaceuticals. To that end, it enhanced its temperature-controlled zones

and designated a fast-track "golden route" for the fastest possible transit between apron and handling areas.

The golden route is not exclusive to pharmaceuticals; it is equally applicable to high-value consumable perishables, Whitehead says. He anticipates more and more demand from airlines for customization of handling services in pursuit of premium, added-value opportunities, for which they need support from handlers.

Are airlines prepared to pay adequately and make commitments for this?

"The current situation of overcapacity driving down airfreight rates is not sustainable in the long term, and is impacting handling rates too," Whitehead observes. Most airlines have moved away from handling and costly on-airport property, leaving this to handlers, he points out.

"We cannot take short cuts without impacting service levels," he adds. "We have every sympathy with our airline customers, who are also not in control of their own destinies, being largely a by-product of passenger services. But the industry – and perhaps, more particularly, its customers – have to recognize that ongoing investment in the infrastructure and staff that are needed to maintain reliability, quality and speed come at a price which is above what is currently being paid. Something has to change." ACW

Hactl enhanced its temperature-controlled zones and designated a fast-track "golden route" for quick transit between apron and handling areas.

Dachser expands in Asia

Global logistics provider Dachser has broadened is reach into the Asian market by purchasing the remaining shares of Dachser India from its freight-forwarding partner, Mumbai-based AFL Pvt. Ltd. The transaction makes Dachser the sole shareholder of the company's operations in India and Thailand, and a majority shareholder in the firms' joint venture for logistics services in Bangladesh.

From 1996 to 2007, the Germany-based Dachser collaborated in a joint venture with the freight-forwarding arm of AFL to develop regional markets across India, Bangladesh and Thailand. (The logistics, distribution and express businesses of AFL were purchased by FedEx Express in 2011.) In 2011, the company was renamed Dachser India.

Dachser is now the sole shareholder of all of its operations in India and Thailand.

In August, Dachser also purchased all of the India and Thailand shares owned by Indglobal, an affiliated company of AFL, and a majority of its shares in Bangladesh. The moves follow recent investment activity by Dachser in several Southeast and East Asian markets, including Indonesia, Singapore, Thailand, Vietnam, Malaysia, China, and Korea.

Dachser, which has a main office in Mumbai, has approximately 500 employees in 27 locations across India, providing air and seafreight services, as well as contract logistics. The company also has two locations in Bangladesh and one in Bangkok, Thailand. ACW

The massive Worldport facility dominates cargo traffic at Louisville International Airport.

UPS Worldport: Louisville's lure

UPS' mammoth Worldport package-handling facility at Louisville International Airport has been a boon to Kentucky's economy since the first major expansion of the integrator's sortation facility in 1999. Christened Worldport following the completion of the 2002 expansion, it is the largest fully automated package handling facility in the world, and has proven to be a major lure for heavy users of airfreight, many of which have relocated operations to the Louisville area. The rapid growth of e-commerce in recent years has accelerated the trend.

Worldport processes an average of 1.6 million packages daily, using approximately 130 aircraft. Expanded several times through the years, it is now spread over 4 million square feet.

Zappos and Amazon, which acquired Zappos in 2009, may be the best known of the more than 150 companies to move within a short truck ride of Worldport, but there are a growing number of companies that have come to the area to expedite their air shipping.

One of those companies is CafePress, which describes itself as a "print-on-demand" company.

CafePress keeps a feedstock of t-shirts, coffee mugs, posters and other gifts that can be personalized – products that don't exist until they are purchased.

The company moved production from California to Louisville in 2006 for several reasons, including proximity to Worldport, and moved its headquarters there in 2012. Last year, CafePress shipped nearly a half million packages via next-day and second-day air.

"Our location allows us to take advantage of later pickup times and that, in turn, provides a benefit to our customers," says company spokeswoman Sarah Segal. "We try to provide instant satisfaction to our customers as much as possible."

Of course, production work and air shipments accelerate at CafePress in the run-up to the holidays. The company began ramping up in September to meet the demand and plans to hire 800 seasonal employees. The company employs 343 with plans to increase to nearly 600 in the next few years. CafePress stands to receive $10 million in state tax incentives if it meets employment goals.

CafePress ships products globally from Louisville and also has production facilities in Canada, the Czech Republic and Australia.

Despite its inland location, Worldport is also a major air shipper of lobsters to fine restaurants around the U.S. Clearwater Seafoods, a Nova Scotia-based company, located a distribution center within a few miles of Worldport to expedite its shipping. The company ships about a million pounds of lobsters annually, 75 percent by air.

The lobsters begin their journey in Nova Scotia via truck and 36 hours later they arrive in Louisville where they are placed in the largest inland lobster tank in the U.S. Within 24 hours, most of the delectable crustaceans are packed and in the air, bound for some of the best restaurants in the country. "It makes sense for us to be here," says Paul Valdez, Clearwater's Louisville operations manager.

Clearwater's Louisville tank usually holds 30,000 pounds of lobster at any given time, and has a capacity of 65,000 pounds. Business has been on a steady increase, Valdez says.

In 2010, the Gilt Groupe, an invitation-only online seller of apparel and other merchandise, opened a 303,000-square-foot distribution facility in proximity to Worldport. The company cited the ease of e-commerce fulfillment in Louisville.

The health care industry is also a big user of airfreight. Ottobock Healthcare, a German medical device company, announced earlier this year that it would move its distribu-

tion operations to Louisville to take advantage of the shipping expertise offered by Worldport.

In September, UPS announced a $500 million plan to improve capacity and processing at Worldport and other facilities across the U.S. The move is being made, in part, to ensure that UPS makes all of its holiday deliveries in time this year. That didn't happen in 2013.

"We are ready to deliver for peak 2014, and we've been working on our plan since last Dec. 26," says Mark Wallace, UPS vice president of engineering. "We saw opportunities to improve volume forecasting, capacity and visibility."

Wallace notes that e-commerce is an increasingly important business for UPS, and the integrator has focused on improving collaboration with its largest customers. He says the new investment goes beyond preparing for this year's peak season.

UPS is also expanding use of its six regional air hubs and is adding an undisclosed, but significant, number of flights to ensure peak demand is met this year, Wallace says. ACW

Amerijet shutters Rickenbacker, Reno cargo hubs

Just two months after it began, an experiment with hybridized air and truck freight shipping came to a quick end in September with the closing of Amerijet International's twin cargo operations in Columbus, Ohio, and Reno, Nev. Amerijet president Dave Bassett said that low frequency and volume were the main causes of the shutdown.

In July, Ft. Lauderdale, FL-based Amerijet began leasing a 20,000-square-foot space at the all-cargo Rickenbacker International (LCK) in Columbus and sending six cargo flights a week to Reno/Tahoe International (RNO) and back, using a 767-200F. At each hub, cargo would be transported by truck to various other regional domestic markets on the East and West coasts.

The plan was to provide affordable, expedited service for long-haul cargo to most locations in the continental U.S. in about a day and a half to two days, compared to the three or four days needed for all-truck transport. Not long after it began, however, Amerijet switched to using one of its narrow-body 727-200Fs to fly the Rickenbacker-Reno route before eventually discontinuing the service.

"The market is there. We just have to figure out how to get enough frequency and volume," Bassett told the Columbus Dispatch. "We had hoped it would eventually represent about 10 percent of our business, but it didn't turn out that way."

Amerijet, with revenues of US$300 million per year, operates three 727-200Fs, three 767-200Fs, and one 767-300F, serving more than 600 locations in North and South Americas, Europe, Asia, and the Middle East.

Amerijet's plan for cargo hubs ended after two months due to low frequency and volume.

Only 4,000 of the total 138,000 square feet of warehouse space Amerijet leased at Rickenbacker has been used, according to the Dispatch. The Columbus Regional Airport Authority said it will work with Amerijet to try to backfill the space before the current lease expires in July 2015. ACW

A mix that includes oil and gas equipment, outsize cargo, humanitarian supplies and live animals drives business in the charter sector.

After slow start, charters ending 2014 on upswing

By John W. McCurry
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The charter sector of air cargo got off to a bit of a sluggish start in 2014, but brokers and carriers say things kicked up a notch during the second quarter, and that momentum continues as the end of the year approaches. This has many in the charter business upbeat, as the final quarter is historically strong.

The oil and gas industry has been a stalwart client for charter brokers as exploration in far-flung parts of the world has accelerated. This has been supplemented with brisk demand from humanitarian efforts and recent high-tech shipments from the Far East. Plus, the traditional year-end peak season is expected to provide its usual boost to help end the year on a positive note.

Justin Lancaster, group commercial director for Air Charter Service, says business for his firm has been buoyant since that slow first quarter. The strength has been global, with perhaps the exception of Europe, which he says is still a bit slow.

"It's been a really successful year so far and, heading toward the end of the year, we are seeing positive signs, as it will probably be our busiest time," Lancaster says.

Richard Smith, freight director for U.K.-based charter broker Air Partner, describes 2014 as a "strange"

year. "While the underlying market sentiment in airfreight has not been positive for some time," he says, "the peculiarity for us in the charter world is that there have been some major events happening that have driven us to a busy time."

Similarly, 2014 has been good for charter broker Chapman Freeborn, according to Reto Hunziker, group cargo director.

"So far we are happy with the year," Hunziker says. "Some countries are doing much better, and there are some where we see room for improvement. From a global perspective, we are ahead of the previous year. We are positive about the rest of the year."

Lancaster says the peak season is a good barometer of consumer confidence. Early fall feedback indicates the market is strong with potential for growing demand in the Far East. Air Charter Service has already been called upon for some of the new product launches, including the iPhone 6.

Reto Hunziker

Justin Lancaster

"There's a lot of capacity in that market, but if demand is high it can lead to charters for brokers as well," Lancaster says. "We are already involved in charters out of Asia, and there will be more to come from

Richard Smith

Charter brokers have been busy this fall arranging humanitarian flights related to the Ebola outbreak.

what I am hearing with new product launches. We don't know in advance. We find out when the forwarder involved gets the call."

New opportunities?

For brokers, the market is always competitive, with an ongoing search for new opportunities. "The last few years have been quite tough," Lancaster says. "Some airlines have folded due to the recession and fuel prices. In the old days, those would have been replaced by new airlines coming online. That doesn't seem to be happening so much, but we have come out of the recession, and things will start to pick up and new charter airlines will emerge and give us and our customers more options in certain parts of the world."

The Far East market has been a challenge to brokers during the last couple of years, as forwarders have been able to fit much of their cargo on commercial airlines without a need for charters. Lancaster says that trend seems to be leveling out.

Air Partner's Smith is also optimistic about the end of 2014 and 2015. "There has been a gradual improvement in the U.K. and some of the European economies," he says. "There's a bit of interest in extra charter capacity for the peak season out of the East. We have been getting calls for additional flights out of Shanghai and Hong Kong for Europe and the U.S."

Oil & gas boom

The industry sector that has been strongest for charter brokers for the past few years is oil and gas exploration. "We serve the industry hubs in Houston, Aberdeen and Singapore," says Chapman Freeborn's Hunziker. "We do full charters with a long week on a 747. Normally, the customer has a request and needs to move something from A to B, and if we don't deliver on time, it means money."

Much of the oil and gas cargo is outsized. It can involve anything on the rig, including helicopters used to transport personnel to the rigs, 40-foot sections of pipe and heavy generators.

"These goods can't fit into conventional commercial freighters, and they go to remote areas," Lancaster says. "It's been a mainstay for charter brokers and charter airlines, and there are a large amount of companies involved who can afford to pay for a

Georgy Sokolov

Live animal transport is a growing business for some companies in the charter business.

whole charter flight."

Smith says Air Partner has focused on oil and gas for several years. "There is a lot of exploration and drilling that is going on in remote areas, such as off the coast of West Africa. These projects are moving along at a good pace, driven by oil prices."

Growing humanitarian aid

Humanitarian charters come and go as global conditions warrant, but business has been brisk for some companies. "Unfortunately, there is always something going on, whether it's in Sudan or Somalia, or anywhere really," says Lancaster of ACS. "The world is a scary place at the moment. There's a lot of stuff going on in Iraq with ISIS doing what they are doing and refugees fleeing into Turkey and surrounding countries."

The emerging humanitarian situation related to the Ebola outbreak in West Africa has been difficult to deal with, but Lancaster says a slow build up is under way. This crisis presents a new set of challenges because many pilots are hesitant to fly into the region, however, by late September, ACS had already arranged several flights to drop off medical kits. "I think we will see an increase in the number of requests for flights to go down there," he says. "The forecast is quite scary."

During the past year, Air Partner has arranged humanitarian flights to the Philippines for typhoon relief and to Iraq. It is also getting calls related to Ebola.

Chapman Freeborn arranged its first flight to Ebola-stricken regions in late September.

"It's a challenge to find the right operators and the right infrastructure on the ground," Hunziker says. "That's a challenge for forwarder and NGOs as well."

Live cargo niche

Alex Berry, Chapman Freeborn's group sales and marketing director, says his company is making a concerted push into boosting its livestock transportation business. To that end, Chapman Freeborn purchased U.K.-based livestock transportation specialist Intradco. This year's flights have been truly global, from Africa to China and from South Africa to Europe, with some intra-European flights mixed in.

"Basically we have flown from everywhere to everywhere, with cows, horses, dolphins and giraffes," Berry says. "We've done complete charters and we've done partial flights, depending on what the customer wants. We see potential in it, but we see it as more of a niche."

Livestock cargo can range from the luxury end with high-quality horses to more life-dependent needs, such as cattle. "The world in general has an issue in generating enough protein to feed people," Berry says. "That need won't diminish, and it will probably increase."

Finding the right customer

Hunziker says the lineup of challenges in the charter sector changes little year to year. "Everybody pretends or thinks he can do charters," he says. "Our biggest challenge is to add value and to find the business and find the right customer and offer the right services. The world starts from scratch again every morning."One of the leading charter air carriers has a similar perspective. Vogla-Dnepr's regional sales manager Georgy Sokolov offers a positive summation of 2014: "Overall, it's quite alright these days."

Volga-Dnepr operates two lines of charter businesses. Unique and outsize cargos are carried by An-124s and Il-76s while the second business is scheduled routes with 747s, which can sometimes be used to carry charter cargo.

Volga-Dnepr's biggest product areas are aerospace, oil and military, despite a considerable drop in the latter. "Military is where we lost demand recently due to U.S. cutbacks," he says.

Looking ahead, Sokolov says: "We expect the rest of the year to be fairly active. It's hard to judge. We haven't been as active this year as we had wished to, but the rest of the year should be fairly stable." ACW

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Brussels (Belgium)	Airbus A330F freighter	1 October 2014	Four times weekly

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Coyne Airways serves the Caspian region from its hub in Tbilisi, Georgia.

Caspian opportunities come with challenges

By Martin Roebuck

The oil-rich Caspian Sea basin – used for centuries as a crossroads between the Middle East, Europe and Central Asia – presents an immense opportunity for air cargo carriers and suppliers from around the world. The delays caused by difficult bureaucracies in this political melting pot, however, present logistic challenges that need to be addressed before the region can reach its full potential.

Case in point is the Kashagan Oil Field, located in the Caspian waters off the western shore of Kazakhstan. The world's fifth-largest oil field, and the largest outside the Middle East, Kashagan has received intense interest from ExxonMobil, Royal Dutch Shell and other partners, which have invested $50 billion to exploit the massive petroleum reserves.

At present, however, the Kashagan lies dormant. Problems emerged at the oil field, including a leaky pipeline that was emitting sulfur-laden gas in Kazakh waters beneath the Caspian Sea. In October, developers revealed that around 120 miles of offshore pipeline must be replaced at a cost of $3.6 billion.

While sections of pipe are generally moved by sea and overland, much of the support oil and gas (O&G) equipment is flown for speed and security. However, carriers without locally registered aircraft can only access fringes of the region.

Ruslan International, which manages a fleet of 17 An-124 freighter aircraft for its partners, Antonov Airlines and Volga Dnepr Group, regularly moves urgent O&G equipment, often too large to fit into other planes, into the region. The An-124 is similar in size to the military Lockheed C-5 Galaxy, but has a 25 percent larger payload capacity at 120 tonnes.

Ruslan has to apply for flight rights on an individual basis, says the carrier's business development manager, Michael Goodisman. "If it's regular civilian cargo, you can usually get the permits in a week," he says. "If dangerous goods are involved and you have to go through diplomatic channels, this may take 10 to 15 days."

Operating permits for Turkmenistan can take up to 20 days to negotiate, and cargo handling charges can go sky high. Sometimes Ruslan, as the middleman, asks its customers to discuss charges direct with the handling agent to avoid any misunderstandings later.

Ruslan had completed four missions to the Caspian this year as of the start of October, comprising Europe-originating O&G shipments to Aktau, Kazakhstan, and Baku, plus a military movement to Mary, Turkmenistan.

This compares with eight flights in 2013, when Ruslan transported electrical equipment and O&G winches to Azerbaijan and hydraulic lifting equipment to Baku. Back in 2012, the operator had a much busier year, flying 26 times to Kazakhstan when Kashagan was in its development phase. These are simply the natural fluctuations of the charter market, Goodisman says.

The An-124s have their own ramps and towbars, so Ruslan doesn't need high-loaders, just regular cargo handling equipment. "Sometimes there is just the one handler available, but where there is a choice we have established good working relationships," he says.

Emerging hubs

Some cities in the region – such as Baku, Azerbaijan; Tbilisi, Georgia; and Almaty, Kazakhstan – are emerging as hubs that are more amenable to international cargo shipments.

Cargolux, for example, is currently routing most of its Europe-China flights via Baku to avoid nearby areas of conflict. The Luxembourg-based all-cargo carrier has a regional office in Baku and flies there almost daily, calling also at Almaty three times per week and Tbilisi twice weekly. But spokesman Stavros Evangelakakis says Cargolux depends on interline agreements to reach other Caspian destinations.

Following a period of strong demand into the Caspian region, U.K.-headquartered Air Charter Service opened up an office in Almaty two years ago. "This year has seen very strong growth, not only within that office, but in the area in general for ACS, with cargo coming into the region from China and Europe," says Justin Lancaster, group commercial director.

Lancaster says ACS arranges several shipments, mostly from the Far East and Europe, to Kazakh cities of Aktau, Almaty, Astana, Atyrau and Uralsk, as well as flights to Tashkent, Uzbekistan, and Ashgabat, Turkmenistan. "We know the time frames we have to work within to get the job done," he says. "The costs in the region can be high, but I believe that is understood by our clients."

Coyne Airways operated scheduled services from Europe to Baku in the 1990s. It later shifted its regional hub to Tbilisi, from which the carrier now offers 14 onward destinations.

Recognizing that Georgia is a small domestic market and that most inbound shipments needs to be flown or trucked to neighboring countries, Tbilisi International (TBS) halved its charges eight years ago and has picked up a lot of cargo traffic since then.

Airport and warehouse charges are reasonable by the standards of the region. Tbilisi also offers quick turnaround of freight, efficient customs procedures and unrestricted trucking, backed by growing passenger airline connections.

Not an easy environment

Almaty, Tbilisi and Baku are set to continue as major transit points for the region, but market access to Kazakhstan and Turkmenistan remains problematic, according to Liana Coyne, chief operating officer for Coyne Airways.

Coyne Airways tries to minimize the traffic rights issue by using aircraft from the countries it serves, but carriers can be handicapped by local rules that seem only to apply to the Caspian region, she told last year's Caspian Air Cargo Summit. "This is not an easy environment to operate in," Coyne says. "The costs of doing business in airports, including the price of fuel and handling, can be used as an effective means of discriminating against a foreign carrier, even if traffic rights are not an issue."

Simply arranging for a truck to pick up freight from an airport could cost more than $1 per kilo, comprising up to 10 separate charges. It was all officially documented – Coyne refuses to pay bribes – but was nevertheless "bewildering," she added. One Caspian country demanded such a high price for offloading freight that the only viable solution was to truck it in from a neighboring state.

Ruslan International regularly moves urgent oil and gas equipment, often too large to fit into other planes, into the region.

Former Soviet-era Ilyushin and Antonov airplanes are still in operation across the region. They can be unreliable, difficult to service and expensive, she adds. Her "wish list" includes fewer flight restrictions, greater transparency in fuel and airport charges, reduced trucking transit charges, a reduction in customs red tape, and increased investment in infrastructure.

Coyne's founder and CEO, Larry Coyne, says the recent eight-week closure of Uralsk airport, with little advance warning, typifies the region's un-commercial attitude. Coyne serves Uralsk, in northwest Kazakhstan, weekly with an An-12 but could only reach the city, the access point for the large Karachaganak oil field, during the shutdown via a 12-hour drive from another airport.

"The transit time is not the problem. It's the red tape and delays that can cause up to a week's delay that slows things down," Larry Coyne says. On a commercial note, he claims that despite the pace of retail development in the main Caspian cities, business is not growing fast enough to justify the capacity that has been added to the region. "We used to be the only main-deck operator to Tbilisi at one time, but with Cargolux, Qatar Air-

Larry Coyne

Liana Coyne

ways, Silk Way and Turkish Airlines entering the market, there are now nine freighters a week," he adds. "Load factors for some carriers are not even 25 percent. I don't understand how they can make these flights work."

He points out that, aside from Coyne and Silk Way, the rest "have no means of getting to remote O&G and mining locations in Kazakhstan and Turkmenistan".

Coyne began using Etihad as its service provider from Europe a year ago as IAG Cargo prepared to exit the freighter business, and switched accordingly from a Stansted, U.K.-Cologne, Germany-Tbilisi routing to Amsterdam-Tbilisi.

The loss of a U.K. air connection is not significant, given the trucking capacity that exists into the Netherlands and the speed of road transfers, while shipments from the U.S. now fly directly into Amsterdam Schiphol (AMS), Coyne says. "The weekly service has proved highly reliable. It arrives in Tbilisi very early on Monday morning, which means our service is the last to leave Europe and the first to arrive in Tbilisi and at other key destinations in the region by Monday evening or Tuesday morning."

Time of arrival and reliability are as important as price, he comments. "Other carriers with services from Europe as early as the previous Wednesday cannot beat us because freight inevitably gets held up at their transit airport or arrives too late at destination to get released before our flight." ACW

Cargo volume at Cincinnati/Northern Kentucky International Airport grew at 9.6 percent, the fastest rate in North America, in 2013.

Deck shuffles some...

but familiar names head top cargo airports

By John W. McCurry
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Freight activity at the world's 50 busiest cargo airports was a mixed bag in 2013. Nearly 40 percent reported declines, a handful saw significant spikes, and many others were relatively flat according to Airports Council International. The top three spots on the list were repeats from 2012 with Hong Kong, Memphis and Shanghai ranking 1-2-3. Incheon moved up a notch, to fourth place and Dubai moved ahead of Anchorage to claim the fifth spot.

A glance around the globe

Asia-Pacific airports claimed three of the top four spots, and four of the top ten, with Tokyo's Narita International Airport ranking 10th in total cargo, but a flat growth rate of 0.7 percent. Hong Kong International Airport's cargo volume grew by 2.4 percent to 4,166,303 tonnes, just enough to keep it ahead of Memphis International Airport.

Overall, Middle East airports showed the best results with other pockets of growth scattered around the globe. Abu Dhabi International

Airport (AUH) achieved the world's highest growth rate, with 24.1 percent. Airport officials attributed the growth primarily to Etihad Airways' rapid expansion. The carrier, which is based in Abu Dhabi, launched new flights to Washington D.C., Amsterdam, Sao Paulo, Ho Chi Minh, Belgrade and Sana'a, as well as increased frequencies on existing routes. Volume from India was boosted by Etihad's new partnership with Jet Airways. The strong growth for Abu Dhabi continues in 2014. Cargo activity in August increased to 66,215 tonnes, a 9.9 percent increase year over year.

The exception to the growth pattern in the Middle East was King Khaled International Airport in Riyadh, Saudi Arabia, where cargo fell by 8 percent.

Just two South American airports made the list. El Dorado International Airport in Bogotá, Columbia, ranked 36th with 622,090 tonnes but volume fell by 1.7 percent. Sao Paulo's Guarulhos International (GRU) was one of the world's big gainers by percentage, with volume up12.9 percent and ranking 42nd overall. GRU is the largest airport in the Southern Hemisphere and has the largest cargo terminal in Latin America. It benefitted from increased pharmaceutical and energy-related cargo.

North America's growth kings

In North America, No. 2 overall Memphis International Airport grew by 3 percent, but Ted Stevens International Airport in Anchorage, Alaska, which fell from fourth the sixth place, dropped by 1.7 percent.

The two U.S. airports registering the highest growth percentage, Cincinnati/Northern Kentucky Airport (CVG) and Indianapolis International Airport (IND), are both centrally located and dominated by integrators.

Cincinnati/Northern Kentucky Airport (CVG), which ranked 40th overall, moved up just one notch from 2012 when it grew by 11.8 percent, but achieved a growth rate of 9.6 percent, the highest in North America. Candace McGraw, the airport's CEO, attributes the cargo upswing largely to DHL's aggressive expansion. CVG is one of DHL's three global "super hubs" along with Leipzig and Hong Kong. "We have had some great cargo results the past few years," McGraw says. "It's predominately related to the great success DHL has had at CVG. They are looking for further expansion and we hope to make that happen."

DHL has expanded several times

Top 50 Cargo Carriers in 2013

By scheduled freight-tonnes carried

Rank	Region	City	Country	Country Code	Airport	Iata Code	Total cargo 2013	Total cargo % Chg
1	ASP	Hong Kong	Hong Kong, China	HK	Hong Kong International Airport	HKG	4,166,303	2.4
2	NAM	Memphis TN	USA	US	Memphis International Airport	MEM	4,137,801	3.0
3	ASP	Shanghai	China (People's Republic of China)	CN	Pudong International Airport	PVG	2,928,527	-0.3
4	ASP	Incheon	Korea (Rep of Korea)	KR	Incheon International Airport	ICN	2,464,384	0.3
5	MEA	Dubai	United Arab Emirates	AE	Dubai International Airport	DXB	2,435,567	6.8
6	NAM	Anchorage AK	USA	US	Ted Stevens Anchorage International Airport *	ANC	2,421,145	-1.7
7	NAM	Louisville KY	USA	US	Louisville International Airport	SDF	2,216,079	2.2
8	EUR	Frankfurt	Germany	DE	Flughafen Frankfurt/Main	FRA	2,094,453	1.4
9	EUR	Paris	France	FR	Aéroport de Paris-Charles de Gaulle	CDG	2,069,200	-3.8
10	ASP	Tokyo	Japan	JP	Narita International Airport	NRT	2,019,844	0.7
11	NAM	Miami FL	USA	US	Miami International Airport	MIA	1,945,012	0.8
12	ASP	Singapore	Singapore	SG	Singapore Changi Airport	SIN	1,885,978	0.8
13	ASP	Beijing	China (People's Republic of China)	CN	Beijing Capital International Airport	PEK	1,843,681	2.4
14	NAM	Los Angeles CA	USA	US	Los Angeles International Airport	LAX	1,747,284	-1.9
15	ASP	Taipei	Chinese Taipei	TW	Taiwan Taoyuan International Airport	TPE	1,571,814	-0.4
16	EUR	Amsterdam	Netherlands	NL	Amsterdam Airport	AMS	1,565,961	3.6
17	EUR	London	United Kingdom	GB	Heathrow Airport	LHR	1,515,056	-2.6
18	ASP	Guangzhou	China (People's Republic of China)	CN	Guangzhou Bai Yun International Airport	CAN	1,309,746	4.9
19	NAM	New York NY	USA	US	John F. Kennedy International Airport	JFK	1,295,473	0.8
20	ASP	Bangkok	Thailand	TH	Suvarnabhumi International Airport	BKK	1,236,223	-8.1
21	NAM	Chicago IL	USA	US	O'Hare International Airport	ORD	1,228,791	-2.0
22	NAM	Indianapolis IN	USA	US	Indianapolis International Airport	IND	991,307	7.5
23	ASP	Tokyo	Japan	JP	Tokyo International (Haneda) Airport	HND	954,446	4.9
24	ASP	Shenzhen	China (People's Republic of China)	CN	Shenzhen Baoan International Airport	SZX	913,472	6.9
25	MEA	Doha	Qatar	QA	Doha International Airport	DOH	883,264	4.6
26	EUR	Leipzig	Germany	DE	Flughafen Leipzig/Halle	LEJ	878,024	3.8
27	EUR	Cologne	Germany	DE	Köln-Bonn Airport	CGN	717,146	-1.8
28	ASP	Kuala Lumpur	Malaysia	MY	KL International Airport	KUL	713,254	1.6
29	MEA	Abu Dhabi	United Arab Emirates	AE	Abu Dhabi International Airport	AUH	712,488	24.1
30	ASP	Osaka	Japan	JP	Kansai International Airport	KIX	682,338	-5.6
31	EUR	Luxembourg	Luxembourg	LU	Luxembourg-Findel International Airport	LUX	673,823	9.5
32	ASP	Mumbai	India	IN	Chhatrapati Shivaji International Airport	BOM	655,725	0.3
33	NAM	Newark NJ	USA	US	Newark Liberty International Airport	EWR	652,559	-12.8
34	ASP	Jakarta	Indonesia	ID	Soekarno-Hatta International Airport	CGK	651,366	1.7
35	EUR	Istanbul	Turkey	TR	Atatürk International Airport	IST	650,199	15.9

Rank	Region	City	Country	Country Code	Airport	Iata Code	Total cargo 2013	Total cargo % Chg
36	LAC	Bogota	Colombia	CO	Aeropuerto Internacional El Dorado	BOG	622,090	-1.7
37	NAM	Atlanta GA	USA	US	Hartsfield-Jackson Atlanta International Airport	ATL	616,365	-5.9
38	ASP	New Delhi	India	IN	Indira Gandhi International Airport	DEL	595,776	6.3
39	NAM	Dallas/Fort Worth TX	USA	US	Dallas/Ft Worth International Airport	DFW	591,639	-1.8
40	NAM	Cincinnati OH	USA	US	Cincinnati/Northern Kentucky International Airport	CVG	590,630	9.6
41	EUR	Liege	Belgium	BE	Liège Airport	LGG	561,160	-2.8
42	LAC	São Paulo	Brazil	BR	Guarulhos International Airport	GRU	531,618	12.9
43	ASP	Chengdu	China (People's Republic of China)	CN	Chengdu Shuangliu International Airport	CTU	501,783	-1.2
44	NAM	Oakland CA	USA	US	Oakland International Airport	OAK	484,092	0.6
45	MEA	Riyadh	Saudi Arabia (Kingdom of Saudi Arabia)	SA	King Khaled International Airport	RUH	439,132	-8.0
46	ASP	Shanghai	China (People's Republic of China)	CN	Hongqiao International Airport	SHA	435,116	1.2
47	EUR	Milan	Italy	IT	Milano Malpensa	MXP	430,344	3.9
48	NAM	Houston TX	USA	US	George Bush Intercontinental Airport	IAH	426,805	-2.6
49	NAM	Ontario CA	USA	US	LA/Ontario International Airport	ONT	417,790	1.2
50	ASP	Manila	Philippines	PH	Ninoy Aquino International Airport	MNL	415,580	-9.7

Rank	Region	City	Country	Country Code	Airport	Iata Code	Total cargo 2013	Total cargo % Chg
TOP DECREASES (by percentage)								
33	NAM	Newark NJ	USA	US	Newark Liberty International Airport	EWR	652,559	-12.8
50	ASP	Manila	Philippines	PH	Ninoy Aquino International Airport	MNL	415,580	-9.7
20	ASP	Bangkok	Thailand	TH	Suvarnabhumi International Airport	BKK	1,236,223	-8.1
45	MEA	Riyadh	Saudi Arabia (Kingdom of Saudi Arabia)	SA	King Khaled International Airport	RUH	439,132	-8.0
30	ASP	Osaka	Japan	JP	Kansai International Airport	KIX	682,338	-5.6
TOP INCREASES (by percentage)								
29	MEA	Abu Dhabi	United Arab Emirates	AE	Abu Dhabi International Airport	AUH	712,488	24.1
35	EUR	Istanbul	Turkey	TR	Atatürk International Airport	IST	650,199	15.9
42	LAC	São Paulo	Brazil	BR	Guarulhos International Airport	GRU	531,618	12.9
40	NAM	Cincinnati OH	USA	US	Cincinnati/Northern Kentucky International Airport	CVG	590,630	9.6
31	EUR	Luxembourg	Luxembourg	LU	Luxembourg-Findel International Airport	LUX	673,823	9.5

at CVG in recent years. In 2013, the final piece of a four-year, $105 million project was inaugurated. That was a 180,000-square-foot package-sorting facility, which added 180,000 square feet, bringing DHL's cargo-handling space to 605,000 square feet. The integrator announced in August that with would spend another $47 million to upgrade equipment.

McGraw says CVG is working with DHL on the early stages of yet another future expansion. "DHL accounts for half of our landed weight in cargo and is our largest single customer, so we want to be attentive to their needs," she says. "In addition, Southern Air, which flies for DHL, relocated their headquarters from Connecticut to CVG."

On the infrastructure side, McGraw says CVG has some aging cargo facilities and is undergoing a study on how to address that need. "We have the space to accommodate additional growth opportunities."

Indianapolis International Airport (IND), which ranked 22nd overall, achieved the second-largest increase, percentage-wise, in North America, with 7.5 percent, rising to 997,301 tonnes. The airport is FedEx's second-largest hub in the U.S., and benefits accordingly. Marsha Stone, senior director of commercial enterprise for the Indianapolis Airport Authority, says most of the 2013 rise was due to increased FedEx traffic.

"FedEx refined their overall operating plan," she said. "They are putting more volume through Indianapolis to gain efficiency in their operations. They have also had a switch-out of aircraft, moving to 767s and 777s. We've been working with them to make sure we have everything in order."

But 2014 has been somewhat of a different story for the airport with cargo growth basically flat. Stone notes, however, that Indianapolis has

Marsha Stone

Cargo volume at Sao Paulo's Guarulos International Airport, propelled by the pharmaceutical and energy sectors, grew by 12.9 percent.

Johan Vanneste

Live animal transport is a growing business for some companies in the charter business."

seen significant growth this year in belly cargo. This is driven by a 533 percent increase in IND-HOU traffic with the first full year of service to Houston by Southwest Airlines. There has also been a 119 percent boost in cargo from IND to LAX due to more flights by Delta Air Lines and American Airlines.

Indiana is a major center of pharmaceutical and medical device manufacturing. Stone says there has been some charter cargo growth, which has increased 170 percent this year due to international pharmaceutical activity, but notes that the numbers "pale in comparison" to FedEx' traffic.

No facility expansions are planned, but Stone says the airport stays in regular contact with FedEx to address their needs. She says the airport has sufficient runway capacity. IND's other major cargo carrier is Cargolux, which operates a 747 three times a week to Luxembourg. The airport has also seen a small amount of growth through charters in 2014, she says.

Luxembourg leads Europe

Luxembourg-Findel International Airport (LUX) set the pace in Europe with a growth rate of 9.5 percent. It moved up the chart to 31st from 35th in 2012. That's after declining by 6.4 percent in 2012. LUX saw 673,823 tonnes of cargo pass through in 2013. Airport and LuxairCargo officials give much of the increase's credit to Cargolux' growth and to LuxairCargo's dedicated Healthcare & Pharmaceuticals Center which opened in the spring of 2013.

Johan Vanneste, CEO at the airport since January, says cargo growth through August has been at an 8 percent clip. He projects that rate will continue through the end of the year, but acknowledges it is hard to predict. "We are hopeful we will have a decent end of the year peak, but in previous years it has not always been that strong."

The 3,000-square-meter (32,292-square-foot) pharmaceutical facility was built within LuxairCargo's existing Cargo Center and is compliant with 2013 Good Distribution Practice requirements. It offers two separate temperature-controlled areas.

Vanneste says the center has been so successful that it will be expanded in early 2015. "Last year the pharmaceutical center opened in April. Within nine months, we had 21,000 tonnes of pharmaceutical products. That's an important figure for an opening year. This year, we will end up with 25,000 to 30,000 tonnes. We have to invest again by adding a new racking system and 15,000 square meters of space. We must prepare ourselves and it must be ready quite quickly. It can be realized in just a few months, depending on market developments, but most likely in early 2016. Pharmaceuticals will definitely be more important in the future."

Jean-Marc Reynaerts, vice president of business development at LuxairCargo, says Luxembourg has benefited from being Cargolux' most important hub. He notes that Panalpina and China Airlines are also seeing cargo growth in Luxembourg. "Cargolux is also trying to differentiate products and markets by specializing in outsize cargo, live animals and pharmaceuticals," he says. "After just one year, the new pharmaceutical facility represents 10 percent of the tonnage of the airport. The situation is relatively good with growth coming from several areas."

Reynaerts says Cargolux' move toward adding 747-8Fs to its fleet has boosted its capacity. Cargolux recently added its 11th 747-8F, and now operates 22 freighters, divided evenly between 747-400s and 747-8Fs.

More infrastructure improvements are in the works. Vanneste says the airport plans to extend its parking area for cargo aircraft. Cargo now has eight dedicated positions for 747s and is also using two spots at another location at the airport. The airport is working with the Luxembourg government to expand the cargo parking area with four new 747 positions. That project should be complete by 2016, he says. There remains room for growth, and Vanneste says the airport could handle up to 1 million tonnes of cargo annually. Other potential growth areas include live animals, dangerous goods and perishables, he says. ACW


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Cargo Chat: Michael Sanfey

Michael Sanfey is interim head of cargo for Irish flag carrier Aer Lingus. Sanfey is responsible for the management of all commercial and operational elements of the carrier's cargo business. He joined Aer Lingus Cargo in 2013 as business development manager and has 20 years of experience in business. Sanfey spoke with Air Cargo World *about his plans for the Irish airline.*

What is your outlook for Ireland's airfreight market in the next year?

We have seen a reasonably robust performance out of Ireland this year, and we are hopeful that this will continue through to 2015. For Aer Lingus, our performance has been boosted by our new routes to California (SFO) and Toronto. We intend to build on these with a full year of service for next year and are looking at other routes to bring incremental growth to us.

How does Ireland's air cargo market compare to the rest of Europe?

In some respects, it is not fair to compare Ireland to the rest of Europe. Our market is not comparable with some of the European giants, such as Britain, France or Germany. We are more comparable with similarly sized and geographically placed countries such as Finland, perhaps, as we are so much smaller than the largest markets. However, for our size we have a fantastically well-developed route network to North America and Europe with Aer Lingus, and Ireland has good connectivity to the rest of the world by Etihad with their double-daily services from Dublin, as well as Emirates to Dubai. And of course, we are a short hop from major global hubs in London and Continental Europe with all the threats and benefits that brings to the market.

What plans do you have for Aer Lingus Cargo as interim head?

We have used the occasion of a change of head here at Cargo to step back and review all aspects of how we do business at Aer Lingus Cargo. We have spoken with our customers and reviewed what is considered to be best in class for every part of our business. We have achieved enormous change over the last three years. Our challenge in the next three and beyond is to accelerate our change towards those goals and to ensure we remain relevant to our customer groups.

What sectors is Aer Lingus concentrating on in regards to freight?

Ireland has an exceptionally strong base of pharmaceutical and medical device manufacturers, and Aer Lingus has an exceptionally strong route service between Europe and North America. That leads us fairly obviously to a clear focus on where we need to concentrate, and our award of GDP [Good Distribution Practice Passport from the life sciences industry] is evidence of that journey.

What countries and regions is Aer Lingus concentrating on for freight?

As above, as a belly carrier we follow the passenger demand, so Europe and North America are our domain.

What trends do you see in the air cargo industry?

A lot of what we describe as being new trends seem to really have been in place for many years and are only coming to the fore now. We have new competition from the Middle East but that has been coming for several decades, albeit accelerating in recent years.

How do you think the airfreight industry can improve?

There is scope for cooperation on areas that are non-competing, where this is not anti-competitive and where we as an industry can take share back from surface transport. Air's modal share is under half of 1 percent. If we can, for example, work to reduce wait times on the ground and create shared services for temperature-controlled shipment at airports, we have scope to grow the airfreight pie for the benefit of all in the industry.

What developments are going on at Aer Lingus Cargo? Any new routes or services?

Next year, we will consolidate our new routes and look to add more destinations where possible. Our 10-year association with eChamp is coming to the end of its natural life, so in 2015, we kick off the process of finding a successor for Aer Lingus Cargo. ACW

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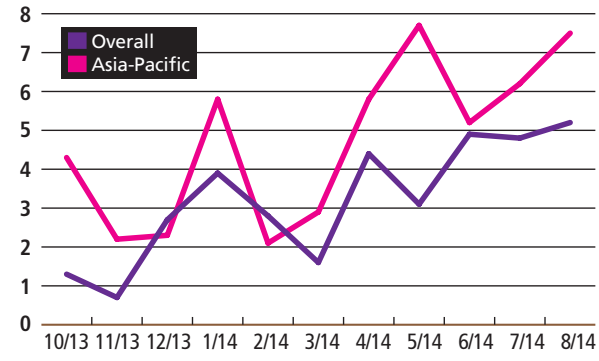
Air Cargo World

Carrying Europe

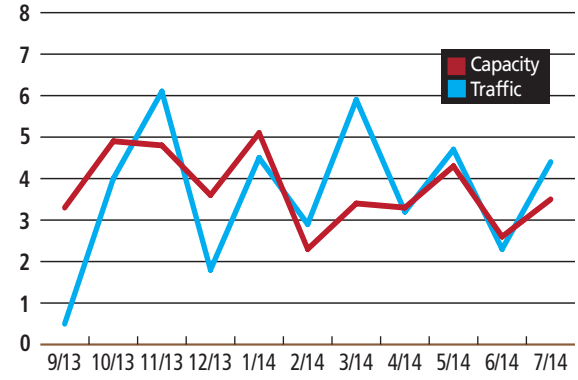
Monthly year-over-year percent change in overall freight traffic and Asia-Pacific freight traffic for European airlines.



Source: Association of European Airlines.

Total Freight Carried

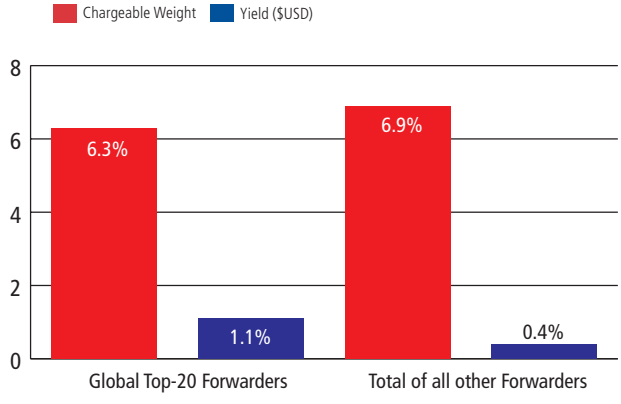
Monthly year-over-year percent change in total scheduled freight traffic and capacity worldwide in freight-tonne kilometers and available-tonne kilometers.



Source: IATA.

Sales Distribution

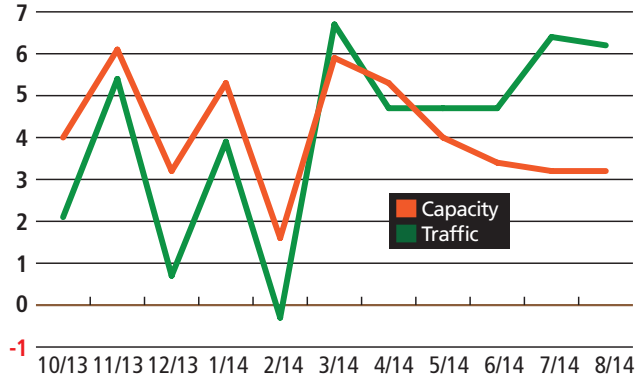
Air cargo worldwide change Year-over-Year (August 2014).



Source: WorldACD Market Data.

Carrying Asia

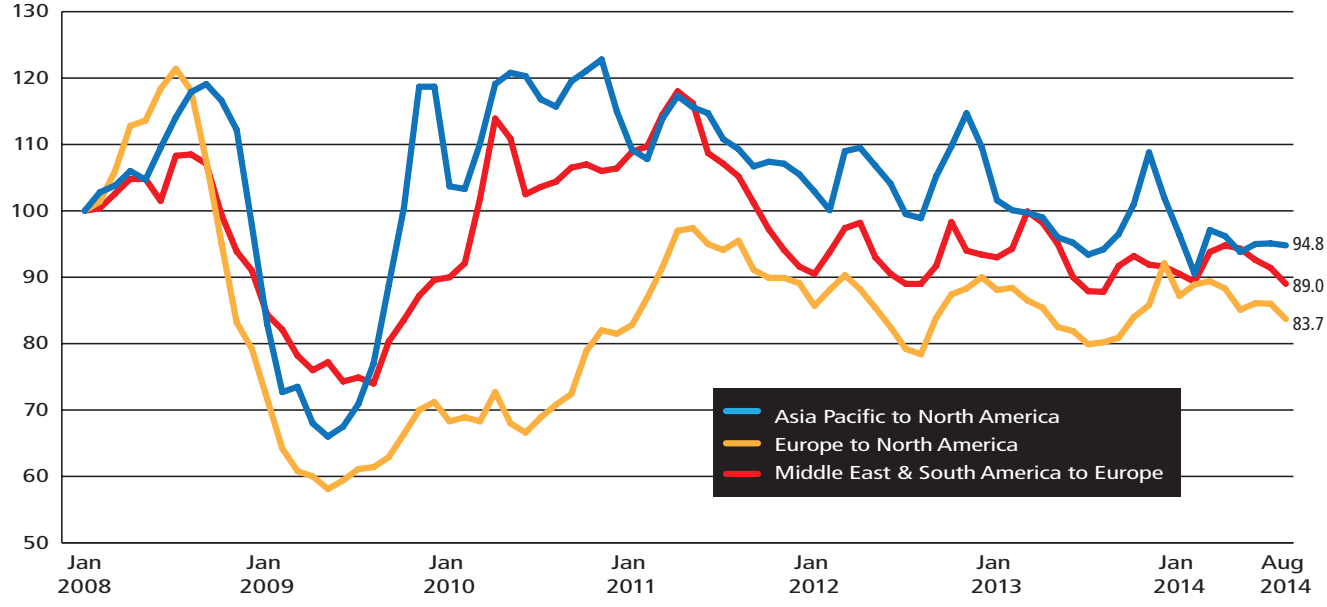
Monthly year-over-year percent change in capacity, in available-tonne kilometers, and traffic, in freight-tonne kilometers, of Asia-Pacific airlines.



Source: Association of Asia Pacific Airlines.

Yield Index Regions

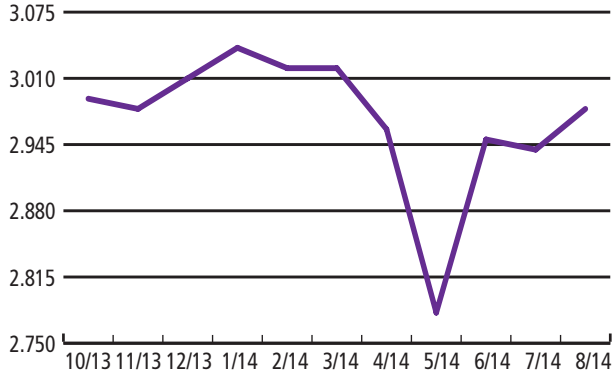
Air Cargo (USD) Yield Index (Jan 2008 = 100)



Source: WorldACD Market Data.

Fuel Cost For U.S. Carriers

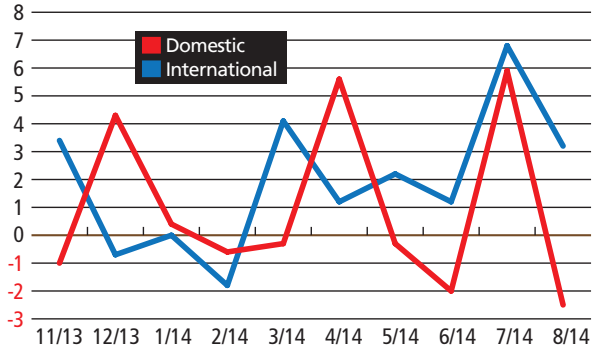
Cost per Gallon (Dollars)



Source: U.S. Bureau of Transportation Statistics.

U.S. Airlines

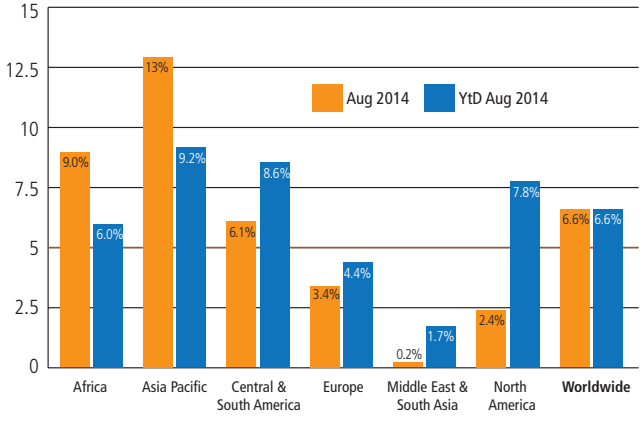
Monthly year-over-year percent change in domestic and international cargo traffic for U.S. airlines.



Source: Airlines for America.

Growth Per Region

*Air Cargo Chargeable Weight Change Year-Over-Year**

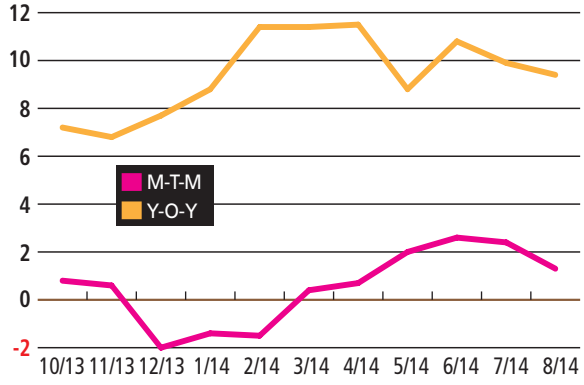


**Including Intra-Regional Air Cargo.*

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.

STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION

1.Title of Publication: AIR CARGO WORLD

2.Publication No.: 364-590

3.Date of filing: September 24, 2014

4.Frequency of issue: Monthly except for January

5.No. of issues published annually: 11

6.Annual subscription price: $80.00

7.Complete mailing address of known office of publication: 80 Broad Street, Suite 1701, New York, NY 10004-2245

8.Complete mailing address of Headquarters or General Business Office of Publisher: 80 Broad Street, Suite 1701, New York, NY 10004-2245

9.Full names and complete mailing addresses of publisher, editor, and managing editor:
Publisher—Jonathan Hornblass, 80 Broad Street, Suite 1701, New York, NY 10004
Editor—John W. McCurry, 1080 Holcomb Bridge Rd, Suite 255, Roswell, GA, 30076
Managing Editor—David Harris, 2033 6th Avenue, Suite 830, Seattle, WA 98121

10.Owner is: Royal News Corp. dba Royal Media Group, 80 Broad Street, Suite 1701, New York, NY 10004; Jonathan Hornblass, 80 Broad Street, Suite 1701, New York, NY 10004;

11.Known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages or other securities: None

13.Publication Name: AIR CARGO WORLD

14.Issue Date for Circulation Data Below: September 2014

15. EXTENT AND NATURE OF CIRCULATION

	Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published nearest to Filing Date
A. Total No. Copies (Net Press Run)	21,786	21,699
B. Paid/Requested Circulation		
1. Outside-County Paid/Requested Mail	6,785	6,510
2. In-County Paid/Requested Mail	0	0
3. Sales and Other Paid or Requested Distribution Outside the USPS	3,893	3,899
4. Requested Copies Distributed by Other Mail Classes Through the USPS	57	65
C. Total Paid and/or Requested Circulation	10,735	10,474
D. Nonrequested Distribution (By Mail and Outside the Mail)		
1. Outside-County Nonrequested Copies	1,448	1,554
2. In-County Nonrequested Copies	0	0
3. Nonrequested Copies Distributed Through the USPS by other Classes of Mail	0	0
4. Nonrequested Copies Distributed Outside the Mail	9,234	9,240
E. Total Nonrequested Distribution	10,682	10,794
F. Total Distribution	21,417	21,268
G. Copies Not Distributed	369	431
H. Total (Sum 15f and 15g)	21,786	21,699
I. Percent Paid and/or Requested Circulation	50.13%	49.25%
16.Electronic Copy Circulation		
A. Requested and Paid Electronic Copies	3,633	4,251
B. Requested/Paid Print + Requested/Paid Electronic Copies	14,369	14,725
C. Total Requested Copy Distribution + Requested/Paid Electronic Copies	25,050	25,519
D. Percent Paid and/or Requested Circulation (Both Print & Electronic Copies)	57.359%	57.702%

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17.Publication of Statement of Ownership for a Requester Publication is required and will be printed in the November 2014 issue of this publication.

18. Signed: Jonathan Hornblass, Owner Date: 9/24/2014

I certify that all information furnished on this form is true and complete.

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AIRLINES

Atlas Air Worldwide Holdings made two appointments. **Michael T. Steen** was named president and CEO of the company's wholly owned dry-leasing subsidiary, Titan Aviation Holdings. Steen will continue in his current role as executive vice president and chief commercial officer of the parent holding company and Atlas Air, Inc., reporting to William J. Flynn, Atlas Air Worldwide's president and CEO. Steen will retain responsibility for all aspects of the parent holding company's global sales and marketing activities, including strategy, new products and services, brand positioning, and marketing communications. John W. Dietrich was named president and COO of Atlas Air, Inc., the company's wholly owned subsidiary. He will also report to Flynn. Dietrich was appointed executive vice president and COO of Atlas Air Worldwide (AAWW) in September 2006. As COO, he has been responsible for all aspects of AAWW's global operations, including flight operations, technical operations, system operations, ground operations, procurement, safety and regulatory compliance. He also has responsibility for the company's defense and government programs.


STEEN

Dr. Andreas Otto, 52, board member product & sales at Lufthansa Cargo in Frankfurt, became the new chief commercial officer of **Austrian Airlines**. Otto will succeed Karsten Benz, who is returning to the Lufthansa Group. Before coming to Lufthansa, Otto worked at Rhenus, a logistics service provider, in such positions as project manager logistics and deputy board member for marketing and sales. In 2000, he took a seat on the executive board of Lufthansa Cargo. His responsibilities included worldwide sales and handling, and the eCargo future project. Lufthansa Cargo's supervisory board will decide on Otto's successor. Until then, Chairman of the Executive Board and CEO Peter Gerber will take over the product and sales portfolio.


OTTO

KLM Royal Dutch Airlines announced that **Pieter Elbers** has been appointed by the KLM Supervisory Board as president and CEO of KLM, replacing **Camiel Eurlings**. Elbers, 44, started his career at KLM in 1992 and was most recently KLM's COO and deputy CEO. He has been a member of KLM's statutory Board of Managing Directors since April 2012. His previous positions at KLM include senior vice president, network and alliances; general manager, KLM Japan and Korea; and general manager, KLM Mediterranean. He is a member of the supervisory boards of Kenya Airways and Transavia Airlines B.V. (Transavia Netherlands). KLM said Eurlings, whose term was due to expire in 2015, withdrew early to allow Elbers to assume the position.

Lufthansa Technik appointed Dr. **Johannes Bussmann**, 45, as chairman of the executive board for the company. Bussmann will take over the position from August Wilhelm Henningsen, 63, on April 1, 2015, with Henningsen due to retire in the coming year. Lufthansa Technik provides technical aviation services. Bussmann has been the member of the executive board responsible for human resources, engine and VIP services at the Lufthansa subsidiary since September 2012. In 1999, he moved from the ABB Group to Lufthansa Technik and began his career in the product development and sales division. Bussmann was appointed vice president, marketing and sales, in 2005 and senior vice president, component services, in 2007. He was then senior vice president, engine services, before he joined the executive board. Henningsen has been the chairman of Lufthansa Technik since 2001. After joining Lufthansa in 1979, he held various management positions in engineering and production. He worked as general manager of Ameco Beijing, a joint venture between Lufthansa and Air China, in 1997. Between 2000 and 2001, Henningsen was the member of the executive board responsible for products and services.

ASSOCIATIONS

Airlines for America (A4A), an industry trade organization for U.S. airlines, announced the promotion of CFO **Paul Archambeault** to senior vice president, chief financial officer and operating officer. Joining A4A in 1991, Archambeault has held various roles throughout multiple disciplines within the association. As CFO, he managed financial and support services, such as administration, human resources and information technology.


ARCHAMBEAULT

TIACA announced several changes to its board. **John De Benedette,** managing director of the Worldwide Information Network (WIN), has joined the board. **Enno Osinga**, senior vice president, cargo, at Amsterdam Airport Schiphol, and **Steve Prince,** publisher of *Air Cargo World* magazine, will be retiring from their jobs and will step down from the board next year. **Olivier Bijaoui,** executive chairman, president and CEO of Worldwide Flight Services, will also be leaving the board due to work commitments. ACW

events

NOVEMBER 4-5
Geneva, Switzerland: The IATA Cargo & Mail Security Forum will facilitate enhanced cooperation and provide a forum for industry to actively engage in discussions on cargo and mail security topics. For more information, visit *http://www.iata.org/events/pages/cargo-security.aspx*.

NOVEMBER 4-6
Singapore: The 10th IATA Cargo Claims & Loss Prevention Conference addresses a critical area of protecting the integrity and obligation of all parties within the air cargo supply chain. For more information, visit *http://www.iata.org/events/pages/cclp.aspx*.

NOVEMBER 19-21
Guangzhou: The China Air Cargo Summit attracts more than 300 CEOs and senior executives within the global aviation industry. For more information, visit *http://www.summitasia.cn/zhuanti.php?id=3*.

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 *http://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 *http://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. The past two editions, held in Nairobi and Johannesburg, saw major participation from airlines and airports, particularly from Africa. For more information, visit *http://www.stattimes.com/aca2015/*.

MARCH 1-3, 2015
New Orleans: AirCargo 2015 will have representatives from airlines, forwarders and airfreight and expedited trucking companies to discuss trends in security, business operations and the latest cargo innovations. For more information, visit *http://www.aircargoconference.com*.

MARCH 10-12, 2015
Shanghai: IATA's 9th annual World Cargo Symposium, located in one of China's largest airfreight hubs, is expected to draw 1,000 delegates from the entire value chain to discuss ways to transform the industry for the better. For more information, visit *http://www.iata.org/events/wcs/Pages/index.aspx*.

MARCH 31-APRIL 1, 2015
Atlanta: In 2014, the Georgia Logistics Summit hosted 2,200 attendees from 39 U.S. states and 11 countries. For more information, visit *http://www.georgialogistics.com/logistics-summit/*.

APRIL 19-21, 2015
Orlando: The CNS Partnership Conference brings together more than 500 air cargo professionals from the U.S. and around the world, including executives from airlines, freight forwarders and shippers. For more information, visit *http://www.cnsc.net/events/Pages/cns-partnership-conference.aspx*.

APRIL 20-21, 2015
Manama, Bahrain: The Middle East Cargo & Logistics Exhibition & Conference will bring together more than 30 exhibitors and 1,500 trade visitors to highlight the latest trends in multimodal logistics platforms connecting Middle Eastern cargo air, sea and land transport. For more information, visit *http://www.cargomiddleeast.com/*

APRIL 21-22, 2015
Hong Kong: Cargo Facts Asia, produced by *Cargo Facts* and Air Cargo Management Group (new owners of *Air Cargo World*), has become the center of aircargo opportunity, bringing together the world's aviation community for meaningful networking and strategy discussions centered on Asia. For more information, visit *http://www.cargofactsasia.com/*.

MAY 5-8, 2015
Messe Munchen, Germany: Air Cargo Europe attracts more than 50,000 visitors from 110 countries. For more information, visit *http://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 *http://www.aircargoamericas.com/*.

ADVERTISER INDEX

New gadgets are nice, but air cargo needs a long-term fix

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

Until recently, holidays and birthdays ranked among my favorite times of the year because I really enjoy receiving and opening gifts, just for the sheer pleasure of it. Be it a hideously patterned sweater or tie adorned with inappropriate illustrations, all is forgiven if presented in a beautifully wrapped box with a bow on top.

As I see it, the mother of all gifts is upon us. It happens every two years or so when my cellular phone contract expires, because that is when I and millions of others are eligible to receive the most coveted prize of them all – the new iPhone!

Within days of the iPhone 6 rollout, I spotted the unusual sight of cellular phone store minus a snaking line of people wrapped around the corner. Slamming on my brakes and running inside, there it was, the mobile Holy Grail awaiting the comfort of my warm grasp. Just a few quick signatures scribbled on register tape and the precious little device was all mine, complete with a gold back and two-year extended obligation to the phone company.

I was lucky to find one of these coveted devices so quickly but not alone as Apple announced that opening weekend iPhone 6 sales were over 10 million. It is a record for Apple as the new phone exceeded company expectations for the initial rollout. It is also incredible that just three days after the launch on September 19, the new phones were available for sale in the United States, Australia, Canada, France, Germany, Hong Kong, Japan, Puerto Rico, Singapore and the UK. And it is scheduled to be available in more than 115 countries by the end of the year.

Such an extensive distribution would be virtually impossible in such a short time without the help of a willing and able air cargo industry. Seven all-cargo carriers and a host of passenger airlines competed for a share of the distribution from Apple's China manufacturing base. The new iPhone launch by all indications is a massive boost for air cargo that has been seeing a recent upsurge from Asia thanks to other high-value electronic components being shipped by air.

This year unfortunately, high fuel prices and fledging regional economies have created weak demand in other areas of the world, causing a leveling off in volumes. IATA Chief Tony Tyler recently said that while the business cycle will eventually swing upwards, air cargo is a competitive industry with growing capacity chasing weak demand. The airline trade group also contends that the air cargo industry needs to improve its value proposition if it is to attract growth when markets improve.

As capacity out of China has tightened because of the recent iPhone release, many are wondering if the airfreight surges associated with such major electronics launches can be depended upon to provide sustained growth in the challenged industry. Despite the excitingly large volumes and resulting flurry of activity, chances are the impending shift in manufacturing to "near shoring" will dampen the positive impact of such distributions in the not too distant future. For an industry that is also constantly competing with cheaper and increasingly more efficient modes, air cargo needs to accept this reality and plan accordingly.

Part of the plan needs to focus on improving our value proposition to the customer, and electronic transmission of documents would be a good place to start. Forwarders and carriers need to focus less on finger pointing and more on solutions that spring the air cargo industry into the digital age while identifying strategies that make e-commerce a true win-win for all parties.

Finally, since IATA has called for the average end-to-end transit time in the air cargo cycle to be cut by up to 48 hours by the end of the decade, the organization needs to help us understand where the chokepoints are and share ideas to alleviate them. The penetration of e-commerce, while helpful, will not be enough to achieve such a goal alone. Working with all supply chain participants – including customs organizations – to identify and address trading challenges will certainly be required.

To be sure, the numbers associated with transporting the iPhone are incredible, but our industry cannot depend on such distributions to alleviate its challenges. As other modes enhance their value, air cargo must do the same, and see the iPhone not as a solution but a call to action. ACW

37 FREIGHTERS ARE IN THE HOUSE

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