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International Trends & Analysis

INTERNATIONAL EDITION

Growing in the Gulf

Airport Management • Midwest Gateways • Charters

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COLUMNS

DEPARTMENTS

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BPA WORLDWIDE

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Editor's Note

Other Story

In this issue, there are two informative articles about air freight opportunities at alternative airports. One deals with the challenges of attracting freighters to those airports while the other explores alternatives in the American Midwest.

But don't overlook opportunities for air freight at those large airports. Yes, I refer to those high-density facilities, which get a lot of bad press because too many passenger airliners are being managed by an ancient air traffic control system.

Consider Chicago O'Hare International, a congested but valuable piece of real estate to air transportation. As part of its modernization plan, O'Hare is setting aside more than 50 acres in the northeast section of the airport for cargo development.

The Illinois Department of Aviation recently issued a Request for Qualifications from third-party developers, who are expected to chip in around $50 million over the life of the contract, according to sources. Five respondents were invited to submit a proposal. The winner, says an airport spokesman, will be chosen on various factors, including the "respondent's proposed rent to the city," as well as the "green design elements of the proposal."

Elsewhere, there is activity indicating major airports are focused on cargo. Consider Centurion Air Cargo's $123 million, 632,000-square-foot project at Miami International Airport. When built, the facility will be the biggest cargo terminal at MIA. The land is leased from Aeroterm, which has also signed a lease with MIA for 48 acres in the northeast sector of the airport for development.

George Bush Houston Intercontinental Airport is enhancing its freight abilities to better handle the increased flights of combination and freighter airlines. A new 61,484-square foot perishables facility is only part of its long-term plans.

Hartsfield-Jackson Atlanta International is planning to build additional 335,000 square feet of warehouse space by 2015 as part of its cargo master plan.

There are similar stories around the world. At London Heathrow, officials are still considering the cargo-related aspects of British Airways recently opened Terminal 5, but it is relatively certain that freight will grow at one of the world's busiest airports. The growth at CargoCity within Frankfurt Airport continues as the freight traffic rises. A fourth runway will open in 2009 and a third terminal in 2015. Cophenhagen Airport is planning to build a new cargo terminal with road and rail access.

Even the airlines are investing in cargo facilities at these large airports. Cathay Pacific Airways will invest some $770 million in a new cargo terminal at Hong Kong International. The airline will design, build and manage the 1.8 million-square-foot facility for 20 years following its opening in 2011. The terminal will increase express and general cargo handling capacity to 7.4 million tons per year.

Alternative airports aside, it's safe to assume that the big airports will still cater to air cargo.

Robert W. Moorman

Air Cargo World

International Trends & Analysis

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News Updates

Fuel Rockets Up Surcharges

With jet fuel prices clearing the once-unthinkable landmark of $3 a gallon, the surcharges airlines and forwarders charge their customers are about to clear another barrier. But cargo operators have to wonder whether the rising charges may be a bar to shipper business.

Cargolux raised its fuel surcharge to about 95 euro-cents a kilo effective March 31, and with oil prices soaring deeper into triple digits last month the surcharge barrier of $1 and one euro looked to be the next one to tumble.

The U.S. Energy Information Administration said daily jet fuel prices on spot markets peaked at $3.48 a gallon in New York on March 14, by far the highest price ever recorded for jet fuel and nearly 20 cents higher than the price just the week before. Jet fuel prices in Los Angeles and went beyond $3.30 a gallon, Rotterdam was at $3.26 and the price of $3.11 a gallon in Singapore looked like a bargain by comparison.

Cargo industry officials say carriers and forwarders are passing along the increases but they're seeing shippers respond by moving to less costly transport where possible.

"Customers are reconsidering air and going to ocean on the import side, especially with their less critical shipments," said Joseph Hoban, director of international air services at forwarder AIT Worldwide Logistics.

He said shippers, for the most part, are accepting the rising energy charges as a cost of business.

Hoban said the fuel impact has been softened by relative stability in core air pricing. "Rates have been pretty good out of Shanghai and Hong Kong, and exiting the U.S. The airlines may be a little shy about doubling up on high fuel surcharges and rates," he said.

Jet fuel prices have grown about $1.65 since the start of 2007. Prices started 2008 at about $2.65 a gallon but have increased some 31 percent since January.

The latest surge has given a boost to those airlines that have hedged their prices this year. Lufthansa, for example, has hedged more than 83 percent of 2008 fuel costs and 27 percent for 2009. The airline says it expects 2008 fuel costs to rise to nearly double to $7.6 billion from 2007, although some relief could come from further weakening of the U.S. dollar.

Better Times?

Despite doom-and-gloom scenarios, business could be looking up for the air freight industry, if recent monthly figures released by the International Air Transport Association are any indication.

Air freight growth of 4.5 percent was recorded in January. "This runs contrary to downward trends in many leading indicators including semi-conductor shipments and manufacturing business confidence levels," IATA said.

The Asia-Pacific airlines saw freight demand increase 6.5 percent in January, up a half percentage point from December's freight traffic. European airlines saw its' freight traffic slump 0.4 percent in China and India.

"January traffic results show that we could be at a turning point," Giovanni Bisignani, IATA's director general and CEO said.

Yet, not all the news is good for cargo. "A month's data is not enough to define a trend, however, the sharp shift in demand growth patterns makes it clear that the U.S. credit crunch is negatively impacting air travel," Bisignani said.

Air cargo has been growing at half the rate of global trade expansion,

indicating a loss of market share to cheaper ocean shipping,. Aviation fuel rose some 300 percent between 2002 and the first half of 2007, compared to a 200 percent rise in fuel for ships during the period, IATA said.

Waybill Ways

The passage of the International Air Transport Association's air waybill Cargo Services Conference Resolution 600b will simplify the shipping process and could help pave the way to a paperless record keeping standard.

The main change of Resolution 600b, approved by the U.S. Department of Transportation after 18 years of tinkering by IATA committees, is the creation of a "uniform currency exchange rate," said Carlos Torneo, senior legal counsel for IATA in Montreal, "regardless of whether you're under the Warsaw or Montreal conventions." The 600b, the modernized air waybill Conditions of Contract, complies with both Warsaw and Montreal conventions.

The new resolution also limits the liability of the carrier. Serge Larue, IATA's director cargo safety and standards, said Resolution 600b specifies 250 French gold francs to be the conversion equivalent of 17 SDR, which provides a method of converting the francs into other currencies.

The new resolution effectively replaces 600b2, which shippers found unnecessarily complex and lengthy.

IATA used the long awaited passage of 600b to advise shippers to shift to plain paper airway bills allowed under the long-standing 600a; 600b has nothing to do with the use of non-colored air waybills.

But 600a allows the use of plain paper as opposed to color-coded copies. Moving to the automated production of a plain paper version, with the new Conditions of Contract on the reverse side, will help shippers meet the "ad-hoc printing requirements in an e-freight environment," IATA said.

"The real goal here is to have an e-airway bill that is universally accepted by business and customs," said Jens Tubbesing, president of Cargo Network Services, a division of IATA.

Bullish Airbus

Airbus is brimming with confidence these days. Despite predictions of a sales slump in 2008, the manufacturer forecast a demand for 24,262 new passenger and cargo aircraft valued at $2.8 trillion over the next 20 years.

Airbus gave its upbeat assessment following the release of its latest Global Market Forecast for the years 2007 through 2026.

Among the new aircraft deliveries will be a need for 877 new freighters. By 2026, 3,778 freighters will be needed, including 2,901 conversions. Many will be widebodies including the A330-200 freighter, said Airbus Americas CEO Barry Eccleston.

Air freight is forecast to grow faster than passenger traffic, with freight tonne kilometers increasing annually by 5.8 percent, Airbus said.

Eccleston offered the following on the company's Very Large Aircraft during the briefing. "There will be a freighter version of the A380," Eccleston said. "But we won't restart the freighter program until we've met the challenge of putting the A380 passenger aircraft in service." Singapore Airlines is operating two A380s.

The A380 will be most valuable at capacity-constrained airports, such as London Heathrow, and Hong Kong International, Airbus said. Ninety-three capacity constrained airports represents 64 percent of worldwide traffic and the A380 would help relieve that congestion. Hence the Airbus slogan: "Bigger is Better."

The doubling of passenger traffic worldwide over the next 15 years, the increasing demand in China for domestic and international service and accelerating deregulation there, the growth of low cost carriers, and the emergence of 21 new markets were reasons Airbus gave for the increased demand for aircraft.

Eccleston dismisses suggestions of overconfidence, saying, "When we look at the rising demand [over the forecast period] we don't see an overcapacity issue."

While India and China are the fastest growing markets, North America remains the most fertile ground for new deliveries, said Laurent Rouaud, vice president market forecasts and research, with the need for 5,210 single-aisles airliners, 1,111 twin-aisle and 163 very large aircraft.

Big Boeing

While Airbus remains undecided about when to restart its A380 freighter program, Boeing is plowing ahead with the development of its next generation widebody, the 747-8 freighter.

Boeing released 50 percent of the design drawings of widebody freighter to factories and suppliers to begin building parts, assemblies and tools. Meaning, the company has reached the point of no return on the program.

Ross R. Bogue, vice president and general manager of the program said the 747-8 will provide nearly equivalent trip costs and 16 percent lower

ton-mile costs than the 747-400. It will also be 17 percent more fuel efficient than the -400. The -8 freighter will be longer than the -400 by 18.3 feet and have a maximum payload capability of 154 tons, with a range of more than 4,420 nautical miles.

"For many applications the largest freighter wins," said Robert Dahl, project director for the Seattle-based Air Cargo Management Group. "And the 747-8F will be the largest freighter in the market until Airbus reinstates a freighter version of the A380."

Dahl said the market acceptance of the aircraft is "already apparent" because of the nearly 80 firm orders from a diverse group of customers.

Boeing is hoping the -8 will complement the new 777 freighter with the ability to transfer cargo directly between the airplanes. The main deck cargo doors on both aircraft are sized to accommodate 10-foot high pallets for easy interlining.

e-Lufthansa

Lufthansa Cargo is bringing e-freight to Germany by signing up for the International Air Transport Association's paperless initiative.

A meeting held last month in Germany initiated a further trial phase of the IATA worldwide program, which is finally starting to attract the attention of several cargo carriers.

Lufthansa will take over project management in Germany and oversee implementation of the necessary processes by all interested parties in the logistics supply chain.

"We are delighted that Lufthansa Cargo has taken on the role of coordinator," said Mathias Jakobi, manager of the IATA office in Germany and Austria.

"The IATA initiative will allow us to handle all the paperwork in the entire supply chain electronically and make it more environment friendly," said Markus Witte, project manager at Lufthansa Cargo.

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

ASTAR Sues

Miami-based ASTAR Air Cargo is suing Merrill Lynch, Pierce, Fenner & Smith for investing millions of dollars in a fund that ties up the airline's cash.

The claim was filed with the Financial Industry Regulatory Authority to gain access to ASTAR's funds that were frozen in an Auction Rate Securities fund in the company's Merrill Lynch account.

ASTAR is seeking compensatory damages of $9.1 million and punitive damages of at least $27.3 million.

On the surface, it doesn't appear the suit was filed, in part, because the airline needs money. It's relationship with DHL remains intact. DHL did not immediately return calls for comment.

Then there is recently ratified four-year contract ASTAR signed with its pilots, represented by the Air Line Pilots Association. The accord calls for retroactive pay and more than 20 percent in pay increases over the course of the contract.

"Merrill Lynch decided to saddle ASTAR with an illiquid investment rather than risk more of its own capital in the ARS market," said Scott Dimond, ASTAR's lead litigation counsel. "When Merrill Lynch concluded that ARS were a 'hot potato' they decided ASTAR would be the one to get its hands burned."

The investment house's response was sharp and swift. "This is a suit with no merit," said William Halldin, a spokesman for Merrill Lynch. "It is hard to understand the claims of ASTAR, which has been investing in Auction Rate Securities for three years. The CFO (Steve Rossum) is a sophisticated businessman, who wanted higher yields than cash could give the company.

"Not only did ASTAR want to invest in Auction Rate Securities, but the executives went so far as to ask

about specific ARS and picked others from a menu of choices that met ASTAR's criteria. ASTAR knew it was trading liquidity for yield because its people discussed this and the risk posed by auction rate securities before they purchased them."

Dimond said ASTAR would never have invested in the ARS market if Merrill Lynch had informed the carrier "of the true liquidity risks of the securities and the apparent liquidity problems at Merrill."

ACE Correction

The Air Cargo Excellence survey published in the March issue mistakenly listed the criteria used by our readers to rate both the air carriers and airports. The correct criteria for each survey should read as follows:

Criteria for Airports

Performance: Fulfills promises and contractual agreements, dependable, prompt and courteous customer service, allied services; ground handling, trucking, etc.

Value: Competitive rates, rates commensurate with service level you require. Value added programs

Facilities: Apron, warehousing, perishables center, access to highways and other modes

Regulatory Operations: Customs, security, FTZ

Criteria for Airlines

Customer Service: Claims handled with expedience, solves problems in a prompt and courteous manner, professional and knowledgeable sales force

Performance: Fulfills promises and contractual agreements, dependable, accomplishes scheduled transit times

Value: Competitive rates, rates are commensurate with service level you require, value-added programs

Information Technology: Tracking and tracing of shipments, Internet, electronic commerce capabilities

Readers can view the revised ACE survey by going to www.aircargoworld.com

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Close the "Know-Do" Gap: Turn Knowledge Into Action

Preliminary Program of Events

Sunday, May 4

07:30	**The CNS Partnership Golf Classic**
12:00-18:00	Registration
19:00	Welcome Reception

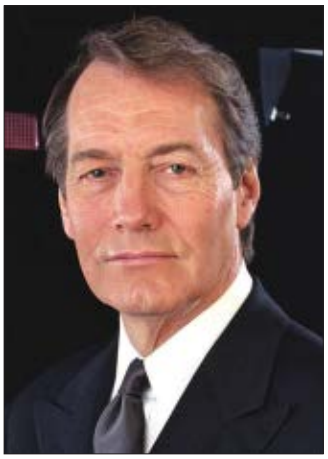
Monday, May 5

07:15-08:30	Breakfast
08:45-09:15	**Welcome and Conference Overview** *Jens Tubbesing, President, CNS Corp.*
09:15-09:45	**Is the Gap Any Smaller?** **Our Accomplishments Since San Diego** *Mick Fountain, Chairman, CNS Advisory Board* *President and CEO, Barthco International*
09:45-10:30	**Keynote Address** *Roger MacFarlane, CEO and Director, UTi*
10:30-11:00	Refreshment Break
11:00-11:15	**Introduction and Acknowledgements** *Jens Tubbesing*
11:15-12:30	**Charlie Rose Interviews** **Richard Anderson, CEO, Delta Air Lines**
12:30-13:00	**The Details: Introduction to Afternoon Tracks**
13:00-14:00	Lunch
14:00-15:30	**Tracks for Those with Special Interest** • Track 1: Technology, *Phil Sims* • Track 2: E-Freight USA, *Steve Smith* • Track 3: Training and Talent Development, *Jens Tubbesing*
19:00-19:30	Cocktail Reception
19:30-22:00	Dinner/Buffet

Tuesday, May 6

07:15-08:30	Breakfast
08:30-08:45	**Review and Preview** *Scott Dolan, United Cargo*
08:45-09:30	**Keynote Address** *Jost Hellmann, Managing Partner* *Hellmann Worldwide Logistics*
09:30-10:15	**Security Update** - *W. Ralph Basham, Commissioner* *U.S. Customs and Border Patrol* - *Ed Kelly, Air Cargo Division Manager–TSA* *U.S. Department of Homeland Security*
10:15-10:45	Refreshment Break
10:45-11:45	**Open Skies – Environment – Talent Development – Security – Risk Management** Panel Moderated by: Deep Parekh, Partner, Equus Group LLC
11:45-12:30	**Closing the "Know-Do" Gap** *Victor Rosansky*
12:30-12:45	**Conference Wrap Up** *Jack Boisen, Vice President, Continental Airlines Cargo*
13:00-14:00	Lunch
14:30-15:30	**Ground Handling Companies meet with CNS**
14:00-17:00	**CASS-USA** (By Invitation): *Howard Chaloner*
19:00-19:45	Cocktail Reception
19:45-23:00	Gala Partnership Dinner

Featured Speakers



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NORTH AMERICA

New Deal

With the DHL tentative agreement in hand, the Teamsters could soon set its sights on a bigger integrator

The Teamsters union has the agreement they want, but not the one it craves. A tentative national agreement is the first between the labor union and various DHL Express employee groups, but for the Teamsters it is only something of a reminder that the real prize for the union is a foothold at the express and ground operations of FedEx.

For now, U.S. law recognizes FedEx under the Railway Labor Act, which allows for only one union per work class on the property. Under the National Labor Relations Act, a law most unions prefer, there can be multiple unions representing one labor group.

Neither side is speculating officially, but Teamsters General President James P. Hoffa has made no secret that FedEx is the big prize.

by Robert W. Moorman

Such an agreement at the Express division "would most likely be a national agreement because, by law, an RLA unit is a national unit," said David Welker, Teamsters senior campaign coordinator for the package division.

Going for a national agreement at FedEx Express "would not be a Teamsters strategy, but pursued as a result of what the law dictates," Welker said. "Of course this is a possibility, but we don't see FedEx management as willing to undertake bargaining."

FedEx says the Teamsters don't represent any employee group, but the union says it represents FedEx Ground drivers in Boston, Local 25 and Hartford, Conn, Local 671.

Drafting a national agreement with the thousands of FedEx Express employees would be particularly challenging, Welker said.

But the Teamsters may have no choice if Congress continues to recognize FedEx under the RLA.

Getting FedEx to agree to any Teamsters-led accord, much less a national agreement would be very difficult, and counter-intuitive for the union. "It is much easier to get individual units to sign up than go system wide," said Jerrold A. Glass, president of F&H Solutions Group, a labor relations and human resources business. "This has been the Teamsters' pattern and I think that will continue [at FedEx]."

An Opportunity

Obtaining a national agreement with the Express division would give an enormous boost to the Teamsters, which has been losing members of late.

According to Welker, there are roughly between 30,000 and 40,000 FedEx Express drivers; 10,000 line-

haul drivers and 6,000 to 7,000 aircraft mechanics. FedEx said those numbers were inaccurate, but declined to release their own.

Bringing together various employee groups under one master agreement seems tailor made for FedEx, which is largely non-union, said industry observers. The Air Line Pilots Association represents the pilots.

FedEx seemed unconcerned about the possibility of a large organizing drive for a national agreement by the Teamsters. "It is no great surprise that with declining revenues and membership numbers that the Teamsters would target FedEx," said company spokesman Maury Lane. "So far, we have seen that the Teamsters will say and do anything to organize, despite FedEx's record of winning multiple awards for being one of the best places to work around the globe."

Still, the Teamsters could be targeting FedEx at the right time. The union has repeatedly challenged in court FedEx Ground's practice of classifying its drivers as independent contractors. The California Supreme Court in late November refused to hear an appeal by the FedEx parcel division of state trial and appeals court rulings that the company should reimburse driver expenses because they are effectively company workers.

The Internal Revenue Service fined FedEx $319 million for misclassifying workers as contractors in tax year 2002. Then, there is the stalled effort in Congress to reclassify FedEx under the NLRA, which is meeting stiff resistance from the Memphis-based carrier.

Opening Act

Meanwhile, the tentative DHL national agreement consolidates 38 different bargaining units into a single contract, using a standardized common language, said Ian Gold, Teamsters director of strategic research, who worked with the negotiating committee on the DHL tentative agreement.

The accord covers DHL drivers, clerical and call-center workers and employees at the regional sort facilities. It doesn't cover any employees of ABX Air or ASTAR Air Cargo, formerly DHL Airways, sub-set carriers of DHL.

In mid-March, local leaders for what is called "two-person meetings" will review and modify, if necessary, the tentative agreement. At that point, details of the accord will be revealed to the public. Ballots will then be mailed to the DHL members for ratification expected sometime in mid-April, Gold said.

The tentative agreement at DHL is not unique, Gold said, but it has been some time since one was signed. The Teamsters have a master freight agreement covering the larger unionized less-than-truckload carriers, Gold said.

Big Towne

Towne Air Freight's recent acquisition of eight-location operation of Synergy Cargo Logistics is the clearest signal yet the South Bend, Ind.-based company is determined to better compete with Forward Air and other large air freight truckers.

Synergy Cargo Logistics is a privately-held logistics company founded in 1994 that has grown into a $25 million company with eight locations, mostly in the Southwest.

"The acquisition of Synergy significantly strengthens our full-service model in Arizona, Nevada and California and opens the door into Texas," said Tom Downey, president and CEO of Towne Air Freight.

Synergy founder Kim Sheridan-Rohasek will become vice president of Towne's Western region.

... Briefly

American Airlines Cargo is expanding the **Expeditefs** product guarantee to include its truck feeder service. The trucking segments connect freight from secondary markets with widebody flights at American's gateway cities and Expeditefs provides priority boarding and flight connections. ... **UPS** is accelerating package movements between more than 12 million ZIP code pairings by one day or more. The improvements include lanes originating in eight key states and more than 70 markets, and will speed up more than 75,000 packages nationwide per day. ... Anchorage-based **Northern Air Cargo** acquired **Reliant Logistics**, an aircraft charter brokerage firm based in Ypsilanti, Mich. ... Forwarder **SEKO** expanded its Puerto Rico office with additional staff and enhanced IT. The facility is close to San Juan's Luis Munoz Marin International Airport. ... **Purolator USA**, the subsidiary of the Canadian distribution services company, opened a branch office in Los Angeles, serving customers in Southern California, Arizona and Nevada. ... **DHL** signed a five-year, $80 million agreement with procurement services company Avendra, which will use the shipper for expedited delivery services to hotels and resorts. In other company news, **DHL Global Forwarding** was revalidated to participate in the U.S. Customs-Trade Partnership Against Terrorism program. ... **Emirates Airlines** boosted its service to Houston Bush Intercontinental Airport to daily service to Dubai. ■

EUROPE

Terminal Velocity

British Airways digs in at its home hub and prepares for a new U.S.- led invasion.

The glitzy new British Airways passenger terminal at London Heathrow clearly shows where the carrier's priorities lie. An $8.5 billion investment in Terminal 5 puts virtually all of the airline's operations at its home hub and under one roof for the first time. BA spent more than $120 million in fitting-out no less than six fancy first and business class lounges at the new facility.

For BA, the future is the premium-class passenger.

Steve Gunning, managing director for British Airways World Cargo, has adopted the same principle for the airline's cargo business – the future is premium cargo traffic.

"Our range of premium products are now responsible for generating over 18 percent of overall cargo revenue for the airline," he said. "It is now our intention to focus on growing that business even further."

The airline believes it could push that percentage figure up as high as 25 percent and that confidence is certainly supported by recent growth figures.

"In the last 12 months, we've grown our Prioritize express product by 20 percent," said Gunning. "Unlike other carriers … we have not withdrawn our money back guarantees."

For the immediate future, however, Gunning and his team must focus on transition costs at Terminal 5, some $40 million, with investment going into new equipment, manpower and systems.

"Luckily for us, the first phase of the transition, moving short-haul services out of Terminal 1 at the end of March, will not affect us too much, because we do not make significant use of this capacity," said Tony Davies, BAWC's manager of hub operations. "The real test will come at the end of April when the majority of long haul services are transferred out of Terminal 4."

Transfer times between the airline's cargo building and the new Terminal 5 facility will not be significantly impacted, particularly with the provision of a dedicated cargo roadway. But the requirement for steeper gradient underpasses at the new terminal means that BAWC has had to rethink how it hauls pallet dollies. "It has meant investment in a fleet of 85 new tractor tugs at a cost of $140,000 apiece, plus 484 new pallet dollies," said Davies. "In addition, we have had to recruit 165 more drivers."

Gold Rush

Unlike the Terminal 4 operation, space constraints at the new Termi-

nal 5 means the cargo operation will be unable to establish a single forward holding area for built-up pallets.

"Instead, we have reached an agreement that each of the 143 aircraft stands at the new terminal will have a dedicated area capable of holding between four and seven pallets," said Davies.

The opening of the Terminal 5 operation coincides with the imminent imposition of the "open-skies" treaty on the North Atlantic. The accord caused a flurry of activity at the London gateway with carriers horse-trading valuable take-off and landing slots for millions of dollars.

Continental Airlines is believed to have spent in excess of $200 million to muscle in on a piece of the action.

Delta Air Lines and Northwest Airlines secured trans-Atlantic slots by "persuading" their alliance partners, Air France and KLM Royal Dutch Airlines, to give up short haul European services. American Airlines and United Airlines, previously the only two U.S. carriers allowed to operate out of Heathrow, have also been busy beefing-up their service offerings.

BAWC's Share

Gunning said he is unfazed by the U.S. carriers stampede. He maintains BA will be able to continue to hold its own on the trans-Atlantic.

But on a broader front he's concerned about the carrier's overall home market share. Said Gunning, "Our share of the UK air cargo export market is currently down at between 12 and 13 percent."

BAWC has not lost significant business volumes due to a lack of focus in its home market, but nor has it grown.

"One of the more telling points," said Gunning, "is that in all our other markets we have separate customer sales and customer support teams, while in the UK we only have a sales team. That seems to be an anomaly which we need to fix right away." BAWC runs its key UK accounts in-house, while franchising out lesser business to British Airways Regional Cargo. This is a long-standing joint venture with Dunwoody Aviation Services in which BA holds a 40 percent stake.

But now it appears that this operation too is under transition. Global airline handling agent, Worldwide Flight Services, struck a deal to acquire the majority 60 percent holding in BARC currently held by Dunwoody. The deal will not only strengthen the position of WFS at UK regional airports, but could provide a springboard to develop new handling agreements with BAWC outside of the UK, the U.S. particularly.

But the move could cause some discomfort to other carriers on the WFS client list, particular as the BARC operation extends beyond handling to include sales.

Gunning refused to be drawn into the matter, insisting that BAWC would continue to retain a 40 percent stake in BARC.

SAS Down

SAS Cargo's tough year in 2007 was as much the result of high fuel costs and overcapacity on key markets as it was consolidation among its customers.

"This has affected the result for 2007, which is not at a satisfactory level," said Kenneth Marx, president and chief executive of SAS Cargo Group.

The company posted a profit of $3.5 million for 2007 on revenue of $527 million.

Marx said the new market situation resulted in a "changed strategy" for SAS Cargo, which can already be felt. The changes included the adoption of a more efficient organization that could work closer with customers. The changes do not limit growth, despite concerns of over capacity in certain markets.

"We have just opened Vietnam and later we will open both San Francisco and Delhi," Marx said.

The SAS board of directors has decided to sell of the SAS Cargo's freight handling unit, Spirit Air Cargo.

... Briefly

Cargo traffic for European carriers grew 4.2 percent in January, the strongest expansion since August, according to the **Association of European Airlines**. ... The **Volga-Dnepr Group**, parent of AirBridge Cargo Airlines, opened a cargo terminal at Krasnoyarsk, Russia, as part of its long-term plan to strengthen the bridge between Europe's largest hub, Frankfurt with several cities in Asia. Enhancing the Siberian hub will allow AirBridge to double its stopover flights to Krasnoyarsk to 40 weekly frequencies. In other developments. Also, Boeing delivered its 1,400th 747-400 freighter to **GE Commercial Aviation Services** for lease to AirBridgeCargo Airlines. … Cargo traffic at **London Heathrow Airport** grew 9.3 percent in February and was up 9.8 percent in the first two months of 2008, according to airport operator BAA. ... **SAS** named **Aviareps** its general sales agent for the Ukraine for flights between Copenhagen and Kiev. … **Jet Airways** contracted with **Rutges Cargo** for road feeder service out of Brussels, where the airline operates six daily connections to India. … **Etihad Crystal Cargo**, a division of Etihad

Airways, is introducing Short Message Service, or SMS tracking, enabling customers to follow the status of freight shipments worldwide via mobile telephone. … **Lufthansa Cargo's** traffic grew 8.8 percent in February on just a 3.8 percent increase in capacity. ... **Sigma Freight Systems** and **CargoWise edi** announced a strategic alliance to develop and market CargoWise edi's flagship product in the United Kingdom. The alliance will refine and enhance CargoWise edi's flagship product, edi*Enterprise* for UK requirements. … **TNT**, the world's fourth largest express carrier, posted a profit of just over $1.45 billion in 2007 on revenue of $16.1 billion, a 4.5 percent increase over the $981 million profit in 2006. For the fourth quarter, TNT reported a 22 percent decline in net earnings of $217 million, down from $277 million a year earlier after taking a restructuring charge. Without the charge, profit would have risen 4.5 percent. … **Pro-Logis**, manager and developer of distribution facilities, leased 295,000-square feet of warehouse space in Budapest to Unilever, maker of food and personal care products. … **Swiss WorldCargo** increased capacity between Zurich and Tel Aviv thanks to the introduction of an additional A340 on the route. The carrier will offer around 42 tons of cargo capacity on the route. … **Kuehne + Nagel** won a three-year contract from consumer electronics manufacturer **Samsung** to manage warehousing and distribution across Lithuania, Latvia and Estonia. … **bmi** started three-times-weekly flights between London Heathrow and Damman, Saudi Arabia. ... **Swissport International** won a license to provide ground services for seven years at Larnaca and Paphos airports on Cyprus. Operations are scheduled to commence May 15. … **UPS** will acquire 100 percent of its authorized service contractor in Romania, **Trans Courier Service**. The acquisition is an extension to a relationship that dates back to 1990, and UPS expects to complete the transaction in the second quarter of 2008. ■


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Open Sighs

Forwarders want more capacity to the South Pacific, but the liberalized U.S.-Australia treaty hardly opens skies

Observers might be forgiven for asking why U.S. negotiators bothered. In February, the United States and Australia agreed on open skies between the two countries, but the new regime is hardly spawning a surge of flights.

The number of U.S. carriers signaling plans to enter the market or step up services is exactly zero. United Airlines is the lone remaining incumbent on the passenger side, operating 14 frequencies a week on the sector, while U.S. maindeck lift is down to FedEx and UPS.

In Australia, one carrier is planning to enter the market. Low fare provider Virgin Blue wants to mount U.S. flights through V Australia, its international arm. Virgin has approval already from the Australian authorities for 10 weekly U.S. flights and has ordered six 777-300 extended range airliners. The airline didn't announce definitive route plans, but Los Angeles and San Francisco were the top choices.

The new player probably will not come into the picture until late this year. Unlike the typical low fare airline, Virgin Blue has a freight connection, as its largest shareholder is Toll Group, the biggest logistics and transportation provider in its home market. However, this does not guarantee a strong cargo emphasis.

by Ian Putzger

Industry observers say management was looking for a buyer to take the entire cargo capacity on the U.S. sector off its hands.

Big Roo

Qantas signaled its wants to add three flights to its current 48 weekly U.S. frequencies.

The airline has 43 passenger flights a week between the two countries, plus five frequencies on Jetstar Airways serving Hawaii, while its maindeck presence is comprised of three weekly 747 freighters to Sydney and one to Melbourne. Ben Andrew, manager of national freight sales, said there're no plans to step up cargo flights on the sector.

Forwarders would welcome additional lift, as capacity to Australia has been tight. At present, capacity is adequate, but during the past peak season, agents struggled to find space, said Peter Burn, vice president for the Americas of wholesaler AMI.

Their headaches are compounded by the long sector and seasonal headwinds. "The cargo market is quite strong, but weight restrictions are an issue with capacity," said Scott Dolan, president of cargo at United Airlines.

Routing freight to Australia through Asia is not a viable alternative, so forwarders have to make do with the ex-

isting capacity, said Burn. Increasingly carriers have made noises about block space agreements, he said.

Airlines would be more inclined to add lift if northbound loads and yields were anywhere near as good as the southbound.

"Our export freight volume is very small and that poses a challenge to any aircraft operator working Australia's routes. I guess if you're building a dedicated freighter business, you need to be able to diversify the income sources," said Peter McNamara of AMI Wholesale Freight in Australia.

Making Do

Qantas Freight has done precisely that. Wet-leasing 747 freighters from Atlas Air enabled it to tap into sectors through the U.S. company's traffic rights.

QF runs freighters between the U.S. and Brazil and across the Atlantic to Frankfurt and Dubai. In Asia, the carrier built a hub in Shanghai for its passenger flights as well as freighters that continue to North America.

All of its China routings still involve its home market, as required under the Sino-Australian bilateral agreement.

Last August, QF acquired Singapore-based express operator DPEX Worldwide. Cargo has visibly gained in stature at the airline, as proven by the establishment of a holding company for the Qantas freight and parcel delivery business late last year. The parent airline transferred half of its take in the freight division to the new entity.

"The Qantas Group is in the process of segmenting its business to give shareholders a more transparent view of its operations," said Andrew. "This year QF will report its financial results separately from the rest of the Qantas Group for the first time and is looking to expand in scale and capability throughout the Asia Pacific region."

The freight division also has invested in facilities in Melbourne and Sydney, where it built a second cargo terminal, and is aiming to replace most of its legacy information technology next year.

Diversification beyond the Australian market seems to be a common theme of major operators. Toll Holdings is in the process of acquiring Baltrans, the largest independent Hong Kong-based forwarder, a move management described as part of a strategic expansion in Asia.

Los Angeles-based wholesaler Universal Air Cargo, one of two large consolidators focusing on the U.S.-Australia trade lane, agreed last year to be acquired by AMI, the U.K.-based wholesaler under the Menzies Aviation Group umbrella, now trading under the AMI label. AMI's Burn, who earlier worked for Air New Zealand and Polar Airways, is bent upon growing the company's historical core market, but he also wants to develop business to Europe, Africa and the Middle East.

... Briefly

Cargo traffic at **Singapore Changi Airport** grew 7.8 percent in January over the same month a year ago. … **Hong Kong Air Cargo Terminals** handled 238,689 tonnes of cargo in December, a 3 percent year-over-year increase over 2006. Tonnage handled in the fourth quarter was 735,778 representing a year-over-year increase of 2.6 percent. … **FedEx Express** launched its International Economy day-definite, customs cleared service in 10 Asia Pacific markets. … **Dragonair** started daily A330-300 service between Hong Kong and Bangalore, India. … **SAS Cargo** opened service in Vietnam, naming **Vector Aviation** as its general sales agent for business the airline said would connect to SAS daily flights out of Bangkok to Scandinavia. ... The **Transported Assets Protection Association** granted **U-Freight** security accreditation for the forwarder's warehouse near the Hong Kong border with Mainland China. … **Nippon Cargo Airlines** started construction of a maintenance hangar at the Tokyo Narita airport. … **Royal Jordanian Airlines** is the newest customer of the **Hong Kong Air Cargo Terminals**, which will be the airline's cargo terminal operator at Hong Kong International. … **ABX Air** and **All Nippon Airways** signed a new ACMI agreement that extends ABX operations of two 767-200 freighters for ANA through mid-January 2010. … **Rolls-Royce** and Taiwan's **China Airlines** signed a contract for Trent XWB engines to power a fleet of 14 firm and six option orders for A350 XWB airliners. … Japan and Hong Kong signed an aviation services agreement lifting capacity restrictions at Japanese cities, but the pact left in place limits at Tokyo. … Australia and the United States agreed to a liberalized aviation services agreement and **Virgin Blue Holdings** announced new services between the countries as a result. … **Asia Airfreight Terminals**, the No. 2 handler at Hong Kong International, saw tonnage grow 14 percent in January, including a 21 percent increase in imports. … Chinese flag carrier **Air China** is launching A340 non-stop, four-time weekly service from Shanghai to Milan. ■

Gulf show carriers no signs of reigning in their growth plans but some wonder if their massive aircraft orders are sustainable

An Expectations Gulf?

by Peter Conway

Just how long can the Arabian Gulf carriers maintain their rapid growth? The carriers seem to think it will last a lot longer, if their recent aircraft orders are any guide.

Yet the sheer scale of the ambition of the Gulf carriers is starting to cause alarm among their more established competitors. With the global economy showing signs of a downturn, there are growing worries the new aircraft could flood the market with new capacity, sparking a familiar spiral of cutthroat competition and falling yields in both the passenger and cargo markets.

Recent aircraft orders in the Middle East have certainly been of an eye-popping size.

Emirates, which already has a record $30 billion aircraft orders, enough to double its current fleet to more than 200 aircraft, announced another round of orders as large again at the Dubai Air Show in November. The $34.9 billion in passenger aircraft deals — the biggest order in history — included 120 A350s, 11 more A380s and 12 more 777-300 extended-range planes, and bring the carrier's total outstanding order book to 246 aircraft, all of them widebodies.

That means Emirates will not only be the world's largest A380 operator — it has 58 of the aircraft on order in total — but also the world's biggest user of 777s; it has 57 total orders.

The orders mark a telling contrast with the most recent aircraft orders by established carriers.

In September, British Airways, which has 238 aircraft, 139 of them widebodies, ordered 12 A380s with seven options and 24 787s with 19 options as part of the revamping of its long-haul fleet. Cathay Pacific Airways, with a fleet similar to Emirates in size, with 111 aircraft, added seven 777-300 extended-range aircraft orders in November, bringing to 30 its outstanding orders for the type. Air France, which has 97 widebody aircraft, has 12 A380s and 18 777s on order as part of its re-fleeting plan.

Emirates is betting it can grow significantly faster than all these leading rivals, and the Dubai-based carrier is not alone in its ambitions.

Qatar Airways ordered 80 A350s and three more A380s at the Paris Air Show in June, and in November added $13.5 billion worth of aircraft orders from Boeing, including 27 777s, seven of them freighters, and 30 787 Dreamliners. Abu Dhabi-based Etihad, which has a modest 27 passenger aircraft, ordered 12 assorted Airbus airliners at the Paris Air Show, and is also expected to issue a major aircraft order soon, including one for long haul freighters, with the aim of doubling its fleet by 2011.

None of these aircraft will be delivered at once. Some will arrive in 2008, while others are slated for later delivery. Emirates is getting 22 aircraft this year.

Analysts are expressing growing concern about the amount of new aircraft capacity being added.

While not singling out the Middle East specifically, DVB, the German transport bank, said in a January report, "New capacity is arriving at a time of slowing traffic," and added: "In the past, the industry has an unfortunate record of ordering aircraft at the cyclical peak and taking delivery during the subsequent downturn."

The Association of European Airlines singled out Gulf carriers for concern. However, the Centre for Asia-Pacific Aviation, a consulting and research firm based in Australia, stated in a recent report that Middle Eastern carrier growth was sustainable because the region offers one-stop connections from everywhere to everywhere in the world.

This high-level of connectivity offered by Gulf carriers is indeed often cited as a justification for their growth, both on a passenger and cargo level.

Ram Menen, senior vice president cargo for Emirates, is fond of saying Dubai is a powerful transit hub because it's halfway between Europe and Asia, on the doorstep of the Indian subcontinent, and at the crossroads of routes to Africa and Central Asia. "Dubai is a new hub for the whole world," he said. "It is not just Emirates that benefits. Look at all the other airlines putting capacity into here as well."

But can such growth continue if the world economy slows?

In January Menen was complaining the cargo market was "very erratic." despite booming passenger traffic. "It shows that the old fundamentals don't really apply," he said. Key transit traffic lanes, such as exports from China and India were down, he said, and the political problems in Kenya had also affected traffic from that key African market.

"Dubai is a new hub for the whole world."


Menen

By past standards, Emirates cargo performance recently has also been a bit disappointing: but disappointment here is relative. The carrier got used to annual cargo growth of 20 to 25 percent in the early part of the decade: in the last couple of years that has fallen to a hardly catastrophic 13 percent.

Etihad, meanwhile, reports cargo yields are currently under pressure. Executive Vice President for Cargo Des Vertannes predicts 2008 will be "a bumpy year."

He's also concerned about export traffic from Asia: "I was surprised to read comments that the Asian economies would ride out the storm, and believe this needs to be watched very carefully."

Both expect the downturn to be relatively short-lived, and for the region to bounce back. Both point to niche markets, where they continue to expect strong growth.

For Gulf carriers, the overriding question remains, if there is a downturn, will their special circumstances insulate them from poor economic times?

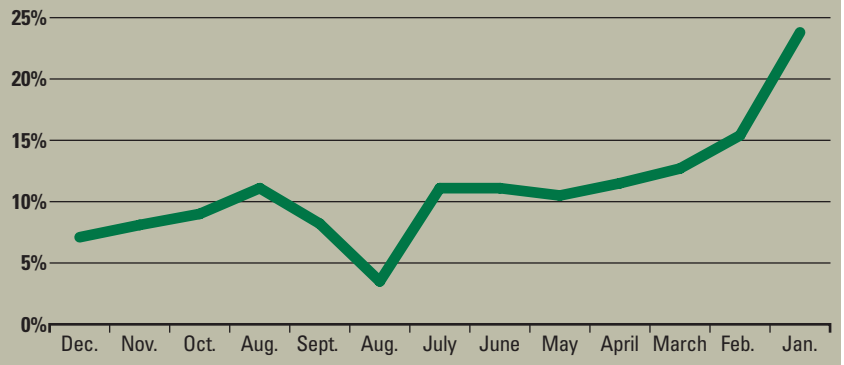
Gulf carriers are creating new markets to maintain market share.

Edwin Laird, managing director of Air Cargo Management Group, points to the success of the New York flights of Emirates and Etihad. "They're always packed, because they are the only way to get from New York to many places in East Africa, North Africa, the Middle East or the southern Commonwealth of Independent States without making two stops," Laird said.

The same applies for cargo on many routes. When Emirates starts flying to Glasgow, Casablanca or Sao Paulo, it gives those cities a connection, via

Middle East Freight Traffic

Monthly year-over-year change through January.



Source: IATA

Dubai, to large swaths of Asia and Africa. And the younger carriers such as Emirates, Qatar and Etihad have almost certainly grown at the expense of more moribund traditional players in the region, including Gulf Air and Saudi Arabian Airlines, Laird said.

He also points to the many informal freighter connections out of Dubai, which sustain it as a cargo hub and may provide a window on the site's future as a prominent trading point. "Look around the rim of the airport, and you will always see a dozen freighters — IL-76s, TU-204s or turboprops without markings — that fly to Azerbaijan or other places in Central Asia," he said. "Most of these aircraft would not be allowed to fly to Europe, so they use Dubai as a transit point."

Africa is a key transit market from Dubai. China's massive investment in Africa is sparking a major increase in trade flows between Asia and Africa that Dubai and the other Gulf hubs are well placed to exploit. Wen Jibao, China's prime minister, said in December trade between Africa and China could reach $100 billion per year by 2010, a more than 10-fold increase in a decade.

In addition, Dubai has a growing reputation as a hub for humanitarian aid. Paris-based Dynami-Aviation is just the latest charter broker to open an office in Dubai for this reason.

"Dubai has opened up a humanitarian village, and most of the major aid agencies have or are thinking of having some kind of operational base there," said its managing director, Quintin Cutler. "If you look at the major disasters and crises recently — the Indian Ocean tsunami, the Pakistan earthquake, Darfur — they are all within easy reach of Dubai, so it makes sense."

A similar kind of traffic is supplies to the United States military operations in Afghanistan and Iraq, something that Dubai undoubtedly benefits from to some extent.

However, Laird says the benefit the Gulf carriers get from the military should not be overstated. "Most of the supplies go via Kuwait and fly on U.S. carriers," he said. "The U.S. has been quite selfish in keeping that traffic for its own airlines and not letting any get into the hands of Middle Eastern carriers."

One other important market that generates good passenger and cargo growth for the Gulf carriers is the Indian subcontinent.

Menen sees this as a key justification for the huge fleet growth at Emirates. "We are next to India and China, which are very populous markets, and where currently on a tiny fraction of people fly," he said. "Lots of people are now travelling because of wealth creation and falling yields. Restrictive traffic rights regimes also throttled growth in the past, but now those restrictions are being relaxed and we are benefiting."

In India, however, local carriers, such as Jet Airways and Kingfisher Airlines are flexing their muscles by launching international direct services.

Will these moves adversely affect the Gulf carriers? Laird is skeptical. "Yes it might eventually happen, but none of them have a really serious cargo strategy yet," he said.

All these markets give the Gulf hubs, Dubai particularly, some niche markets that could help them ride out any downturn. But given the numerous orders for new aircraft, are not overcapacity and a rate war inevitable?

Menen admits the possibility, but said the introduction of the A380 will prompt a sharp fall in belly capacity. Emirates begins taking delivery of the aircraft in August, and although it has not yet announced which routes they will fly, Menen is steeling himself for a drop in cargo capacity of around 35 percent or higher when the A380s replace the 777s.

Emirates has ordered eight 777 freighters, of which the first is due to arrive in December 2008. Originally there were plans for these aircraft to be used to start new cargo routes to make up for the loss of belly-hold capacity with the A380s. Now, Menen admits, such plans are on hold while he waits to see how the market unfolds.

Despite a possible downturn, the Gulf carriers are confident their capacity expansion is justified.

Some industry observers believe the Gulf carriers will take market share from established major carriers, although the official line is that there is plenty of growth for everyone.

With geography on their side, and space to expand their airports — something that is almost impossible in Europe — the ambitious plans of the Gulf carriers may yield dividends. Or these grand plans could be viewed as just another example of "irrational exuberance" by industry. ■

Alternative Gateways

by Michael Webber

The fundamental truth about alternative gateways is it's best to be an alternative when and where one is actually needed.

Under seemingly ideal conditions, the development and expansion of alternative air cargo gateways is challenging. While aspiring gateways can cite models, too often would-be 'champions' have failed to fully appreciate specific conditions supporting those successes.

As deluded thinking goes, "we're going to start with international" makes a good bookend with the equally fallible "we've been unsuccessful with passengers but cargo should be easier." Unfortunately, U.S. airports unable to justify flights to Louisville or Memphis are likely to find Luxembourg and Shanghai no less challenging.

A market's ability to garner and sustain international service depends upon a variety of inter-dependent factors.

"We have no congestion!" Airports precariously make this pitch without recognizing what the forwarder or carrier may be hearing is "nobody else will come here but we think you should." For all the complaining about congestion at Miami International, New York Kennedy International and Los Angeles International, diversification has rarely amounted to more than new service at other major hubs. Beyond West Coast beachhead LAX, for example, Asian carriers added frequencies at Dallas/Ft. Worth International and Hartsfield-Jackson Atlanta International, neither of which readily qualifies as an underdog.

For decades, other would-be Latin American gateways have cited congestion, claiming 'everyone wants out of overcrowded Miami.' Yet, the lukewarm distillation has been largely attributable to passenger hub carriers' network expansions in Latin America — Delta Air Lines from Atlanta, American Airlines from DFW and Continental Airlines from Houston Intercontinental. Major Latin carriers have not abandoned Miami appreciably — not for other hubs, let alone smaller airports seeking time-sensitive perishables.

In spite of congestion, as well as frequently higher airport costs and land rents, traditional gateways triumph. Connectivity — sheer volume and diversity of frequencies, destinations and carriers — is key to garnering consolidations that also attract competition in allied services, such as ground-handlers and trucking. Non-American air cargo carriers don't have comparable U.S. domestic networks so they interline with U.S. carriers and rely on allied service providers — extensively trucking — for interior transport. Therefore, the flow of international carriers from one hub to another is unsurprising. Both cause and effect, this service superiority attracts shippers and forwarders whose demand then supports even more service.

"We just want their freighters!" Alternative airports often talk lightly of splitting operations of combination carriers flying both passenger and freighter aircraft. In the United States, this has meant mostly non-U.S. carriers that have developed the U.S. market with widebody capacity, adding freighters as demand warranted. Belly capacity allows these carriers to sell additional frequencies and network destinations that freighters might not justify on their own. This capacity serves smaller communities as well as major segments with chronic imbalance

in directional volume. For some, freighter operators must either triangulate service or maximize one-way revenue, while belly carriers can better tolerate imbalances in cargo by generating round-trip revenue from passengers.

Combination carriers have relationships with customers and allied service providers often based on long-standing operations and cumulative capacity at traditional gateways where they also often have fixed investments in legacy facilities and may co-locate administrative functions. For all these reasons, combination carriers are difficult to attract from traditional gateways.

All-cargo airlines are presumed to have greater operating autonomy than combination carriers but these airlines' principal customers often are a core group of freight forwarders, rather than thousands of individual shippers. Trading dependencies, these airlines are likely to "be glad to serve your airport — if the forwarders demand it."

Wet lease airlines fly on behalf of other carriers, seasonally when such service is not required year-round or occasionally for testing a route before carriers committed to their own equipment. ACMI clients largely determine routings, so an alternative airport's long runways and lack of congestion won't convince Atlas Air, for example, to tell its customer they're not going to LAX.

Forwarders rely on a mix of belly and freighter capacity. Consolidations gravitate to gateways where air options are greatest. Network offices merely feed those consolidations, mostly with trucks. Simply having a variety of forwarders in an area doesn't guarantee alternative gateways the critical mass required to support international operations. Local forwarder station managers have little autonomy in routings, when the company must satisfy volume-dependent block-space guarantees at major gateways.

Expressions of cooperation come easily at local cargo association luncheons but fall short of contractual commitments that might convince an all-cargo airline to redirect capacity. Instead of rallying a collective of competing forwarders, at Huntsville, Ala., International, forwarder Panalpina sustains dedicated international airlift.

A legitimate success story, this service inspires envy among airports larger than HSV, which ranked No. 66 in cargo among North American airports in 2006. Contrasting HSV's forwarder approach, both Nashville International and Indianapolis International have international air service based on high-volume shippers — Dell at BNA, Eli Lilly and a few other pharmaceutical companies at IND.

Integrated carriers have the network operating volumes and internal resources to try less obvious options. Integrated carriers can provide their own ground handling and deicing, which airlines with limited schedules would likely require from third-party vendors serving multiple customers.

In the United States, DHL's main hub is Wilmington, Ohio, and its Western regional hub is the former March Air Force Base in Riverside, Calif. Both sites as well as FedEx's regional hub at Ft. Worth Alliance International illustrate integrators' unique ability to anchor cargo airports. The FedEx regional operation is sufficient to rank Alliance No. 28 among North American airports. Tellingly, however, no other air carrier has followed FedEx from traditional gateway DFW, home also to UPS' regional hub.

"How hard can it be?" In addition to LAX, Los Angeles World Airports operates LA/Ontario International, which ranks among the top 15 U.S. cargo airports. ONT hosts regional air and trucking hub operations for UPS, as well as some of its China gateway activity. ONT has superior access to existing users of LAX and serves the desirable Inland Empire economy. ONT possesses a proven cargo track record, 24-hour availability, critical highway access and an enviable base of shippers and shared management with the traditional gateway. Developer Aeroterm is constructing the first phase of a one million square- feet of cargo facilities to accommodate operators unable to grow at LAX.

But even with LAWA's support, forwarders and non-integrated carriers have only registered interest in ONT as LAX approaches its operational limits.

With the disclosure that LAWA is a client of this writer, I cite this example to illustrate how much greater the challenge must be for airports lacking many of the resources behind ONT's efforts.

The vast majority of alternative gateways are integrator-based, including virtually every successful all-cargo airport. Alternatively, HSV greatly depends upon the commitment of a single forwarder, while Nashville and Indianapolis' international service depend upon a few very large shippers. Airport operators nurtured cargo growth but success was driven not simply by their ambitions but more by the specific needs of carriers, forwarders and shippers.

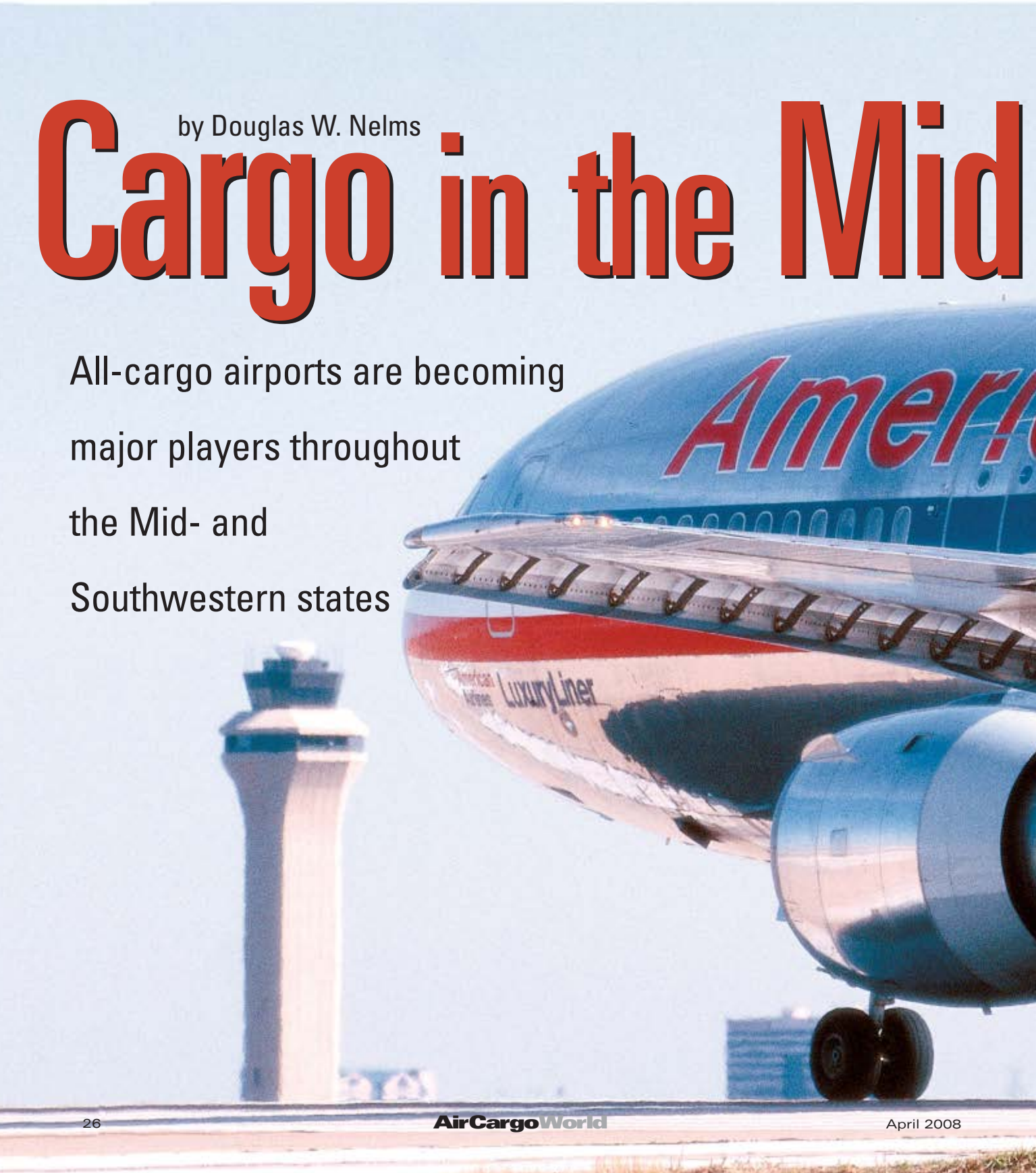
Too often overlooked, perhaps, the fundamental truth about alternative gateways is it's best to be an alternative when and where one is actually needed.

Michael Webber is president of Webber Air Cargo, a Kansas City-based business development consultancy. He has managed air cargo affairs for Airports Council International–North America and recently chaired the Airport Track of IATA's World Cargo Symposium.

by Douglas W. Nelms

Cargo in the Mid

All-cargo airports are becoming major players throughout the Mid- and Southwestern states



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The major passenger gateway airports of Middle America have always been the top cargo airports for the region. Massive belly capacity and well-established cargo facilities ensure that airports such as Chicago's O'Hare International and Dallas/Ft. Worth International stay among the top ranked airports.

However, changing domestic and international markets, mergers and consolidations and a growing need for rapid and easy transfer to multi-modal transportation is forcing more operators, shippers and forwarders to look at the specialty cargo feeder airports throughout the Midwest and Southwestern states. These airports include Fort Worth's Alliance Airport, Chicago Rockford International, Detroit's Willow Run Airport and Columbus, Ohio, Rickenbacker International.

The foremost factor in the growth of the cargo feeder airports is economics — it cost less to land a freighter at the smaller airports. There is no maneuvering to obtain a landing slot. Taxi time between the parking spot and runway is minimized and airport operators are providing cost incentives to cargo airlines.

Landing fees at Willow Run are $1.50 per thousand pounds, while the fees at Alliance are $1.15 and Rockford has a $1.64 landing fee, according to each airport. These fees are well below the charges at the major gateway airports, they say.

Parking fees also are minimal, or in some cases completely waived depending on the amount of time the aircraft spends on the ground. Rockford, about 80 miles north of Chicago, has no parking fees compared to a $150 per hour ramp parking fee, with a four-hour minimum, at Chicago O'Hare International, according to Robert O'Brien, Jr., executive director at Rockford.

It is closer to land a 747 freighter from China at O'Hare than at Willow Run, said Airport Director Sean Brosnan, "but that extra fuel savings will be burned up during the first two laps around Chicago waiting for [a landing slot] to open up."

Cargo operators also do not have to help pay for airport improvement programs, such as new passenger terminals, which are of little value to them.

Tom Harris, senior vice president of operations for Hillwood Properties, the owner and manager of Alliance, said savings could run into the millions of dollars. "We've done an analysis and believe that for a single day's operation, taking into consideration all the standard costs, we can save a 747-400 freighter operator anywhere from $1.5 million to $2.2 million per year, depending on what airport Alliance is compared to," Harris said.

Less obvious, perhaps, is the impact consolidation in the freight market, with integrators and major freight forwarders acquiring smaller companies, is having on airport choices.

"One of the big trends is the consolidation and reorganization of the (air cargo) industry," said Ken Bukauskas, associate director of Burlingame, Calif.-based Jacobs Consultancy. "That is a big deal when we talk about all-cargo airports and how they are looked at currently. Major national forwarders are buying the regional and specialty players, such as for perishables. This provides a one-stop shop to all shippers."

The grip of the integrators on the domestic freight market has made them the major targets for any airports looking to attract cargo business.

FedEx opened a sorting hub at Alliance, with a daily flight to and from China, connecting through Anchorage. That flight has been "one of the biggest factors in the growth in cargo here in the past year," according to David Pelletier, Hillwood's director of communications.

Alliance reported a 28.6 percent growth in 2006, moving it from 30th to 23rd for cargo operations at U.S. airports, according to FAA statistics.

O'Brien said growth at UPS, which has its second largest U.S. sorting hub at Rockford, has expanded the airport's links to international and freight markets. UPS purchased Menlo Worldwide Forwarding in December 2004, improving its reach into air and ocean heavy freight shipping.

Although RFD had a 0.1 percent drop in cargo in 2006, the airport has seen major growth over the past decade, including an 8.9 percent growth in 2007, according to the FAA. And despite the 2006 slip, it went from being the 25th largest U.S. airport for cargo in 2005 to 22nd at the end of 2006.

"So with the (2007) growth, we expect to go to 18th or 19th in the country," O'Brien said.

Market consolidation may boost to airports served by the integrators particularly, but those facilities serving niche markets have both the strengths and the weaknesses of that market.

David Whitaker, vice president for development and communications at Columbus Regional Airport Authority, operator of Rickenbacker, said traffic dropped 12 percent in 2007 from 2006, but that it is "a short term anomaly as opposed to a long term trend."

Rickenbacker reported a 26.6 percent growth in 2005 and a 13.9 percent growth in 2006, and has seen a 50 percent overall growth over the past decade, he said. It ranks 31st among U.S. airports for cargo operations, according to FAA figures.

"Our primary commodities for air cargo charters are in-bound textiles from Asia with consolidation at Hong Kong," Whitaker said. "Everyone is aware that the retail world did not have a good 2007, which impacted the supply chain as well as the retail outlets."

He also noted one of the problems is outbound freight. There isn't any. "Only integrated cargo is leaving Rickenbacker," Whitaker said. "The charters are averaging about four to five a week, but only with inbound (cargo) and zero outbound. However, our integrators are carrying their normal integrator products on a regular basis and doing quite well. FedEx has a fairly large operation, with about a dozen or so flights a day, and UPS has a couple of flights a day."

Those flights have Rickenbacker tapping into an important source of freight that many airports in the region see as the future of their business — Asia.

Airports as far south as Dallas-Fort Worth and Houston and as far north as Calgary, Alberta, have added freighter connections to Asia in recent years and experts say the flights are a sign of the growing push by shippers and their forwarders to get goods clos-

er to large markets in the Midwest.

"Because of transportation congestion issues, the coastal gateways are increasingly unlikely for Asian exporters," said Tim Cantwell, airport director at the MidAmerica St. Louis Airport. "Based on many visits to Asian and South America countries and talks with freight forwarders and exporters to the United States, more of them are looking for gateways in the Midwest."

Willow Run is also a niche airport, primarily serving the automobile industry out of Detroit. Brosnan said the airport is working on becoming more diversified, "such as with the medical supply industry."

One of the problems with serving the auto industry is that it's seasonal. "June and July are build out months for the automobile industry," Brosnan said.

The auto plants are closed down for about a week to prepare for the new models, and then from July 4 until September, when the next year's models come out, freight traffic is greatly reduced. Then in September the tonnage goes up again to support the inventory requirements of the new models.

To improve its international marketing, Willow Run has gotten permission from the U.S. government for a free trade zone for outbound fuel for international flights, Brosnan said.

Aircraft flying out of the Michigan airport on an international route do not pay state or national taxes at the airport. The aircraft may make an intermediate stop within the United States to refuel before continuing on, but it may not take on more cargo. "This will allow us to go after the international markets," he said.

For the mixed passenger/cargo airports in Middle America, there was very little cargo growth during 2006 except for Louisville, Ky., International, with 9.3 percent, and San Antonio, Texas, with 8.4 percent, according to Airports Council International. Among the top 10 airports in the United States, which included Louisville, the main hub for UPS, growth figures were minimal. Memphis, the perennial No. 1, reported only 2.6 percent growth, while O'Hare had 0.8 percent, Indianapolis had 0.2 percent and Dallas/Fort Worth International had 2.1 percent growth.

One critical factor affecting airlines and the airports that serve them is the rising cost of fuel, a trend that is

Wayne's World

Fort Wayne International Airport may have lost some of its luster since the departure of Kitty Hawk AirCargo, but its one of several airports that have strong potential as major Midwestern cargo centers.

Kalitta Air is considering a new U.S. domestic airline freighter operation there to run as a charter business for forwarders.

"We've had numerous meetings with Kalitta and they are buying up a lot of equipment," said Tory Richardson, executive director of Fort Wayne. "They might be able to come in here and fill a unique niche." The airport is in the final stages of sorting through Kitty Hawk's bankruptcy and its former facility will soon be ready for new tenants. Ft. Wayne will own and manage the cargo facility.

Ft. Wayne also has held talks with freighter operators from Asia and Europe who want to tap primary markets through a secondary location. "With Kitty Hawk leaving, it's a cautious time for us, but we had been actively seeking other tenants for a long time," Richardson said.

Even if Kalitta commits to Ft. Wayne, it will be some time before the freight traffic is back to normal. Before Kitty Hawk's demise, Ft. Wayne was ranked 37th in the nation in cargo traffic, according to Federal Aviation Administration data.

DHL Express, which has been struggling of late, has not contacted Ft. Wayne about serving the area. but there is a lot of interest by several potential tenants, said Richardson. FedEx and UPS serve Ft. Wayne, and the airport is a designated diversion point in case the integrators' hubs in Memphis or Louisville are socked in by weather.

"We don't have any of those delay problems operators face at the other airports, either surface or air congestion," Richardson said.

His comments are more than the typical hype from an enthusiastic airport executive. Ft Wayne is equipped with a 12,000-foot runway capable of handling fully loaded widebodies and a cross-wind 8,000-foot runway as well as a 600,000-square foot air cargo facility on 85-acres within a 450-acre air trade center.

The ramp area sits on 37 acres, and there is 266,000-square-foot sort facility as well as a computerized package conveyer system. 24-hour air traffic control services are available and the airport is a recognized Foreign Trade Zone. U.S. Customs is on site.

Another plus: The airport is near major highways and rail systems. Ft. Wayne intersects with Interstate 69 running north to south, and I-90 running East to West. The airport is also near a rail line serving the Norfolk Southern and other railroads. ■

triggering a shift in modes even at international levels once considered impervious to competition between air and ocean.

In the 1990s, personal computers cost between $2,000 and $3,000 and were filling 747 freighters. Today computers with the same weight and bulk cost less than $1,000. And while the selling price has dropped, transportation prices have gone up considerably, particularly air freight transportation relative to sea freight transportation, said Brian Clancy with MergeGlobal.

That is prompting air cargo operators serving the Midwest to seek more multi-modal operations on or near airports. Cargo can be flown from international destinations, or from the east or west coasts, to the Middle America airports, then put on trucks for final delivery.

Whitaker said Rickenbacker is within a day's truck drive "to well over half of the U.S. consumer base and half of the Canadian population base, and over 60 percent of the U.S. manufacturing capacity."

O'Brien noted Rockford is "geographically and strategically centered for the 13.1 million people who live within the Northern Illinois, Southern Wisconsin and Eastern Iowa market area," only a two-hour drive from the airport.

The growing weight of ocean transport is also proving to be advantageous for airports that have direct access to the major seaport gateways.

Rickenbacker is now the beneficiary of a new intermodal facility adjacent to the airport opened by Norfolk Southern Railroad in March. "There are numerous other intermodal facilities in Columbus as well," Whitaker said, "but this literally touches the airport on one corner."

The new facility will be connected to the Norfolk, Va. seaport by direct rail service through the Heartland Corridor served by Norfolk Southern.

Whitaker noted there are some 20 projects taking place to enlarge tunnels and bridge clearances to allow double stacking on trains, thus doubling the capacity of the line. These are expected to be completed by 2010, he said. ■

The Other Guys

by Phillip Hastings

Coyne Airways and Air Charter Service are key players in different roles in outsize cargo

United Kingdom-based companies Coyne Airways and Air Charter Service can provide differing perspectives on the current state of the international outsize air cargo market.

All-cargo airline Coyne is involved in that business through its operation of scheduled 747 and IL-76 freighters in some of the world's "difficult to serve" sectors, notably Europe, the Caspian Sea region, Dubai, Iraq, Afghanistan and, more recently, Europe and West Africa.

"As production increases, so does the requirement for spare parts and that means more demand for outsize air cargo movements."


BAUCKHAM

ACS, which is primarily a cargo and passenger charter broker, organizes flights using 120-tonne capacity AN-124s and the even larger AN-225 to move outsize cargo between the more traditional markets of North America, Europe, Middle East and Far East.

One feature of the global outsize air cargo business upon which they are agreed is the continuing major boost to those activities from strong world oil and gas prices.

"We have seen quite an increase in the use of the AN-124s as the price of oil has gone up and driven more exploration and production activity around the world," said ACS managing director Tony Bauckham, whose previous experience in the outsize cargo business included being UK-based marketing director of Russian AN-124 operator Volga-Dnepr.

"As production increases, so does the requirement for spare parts and that means more demand for outsize air cargo movements," Bauckham said, adding, "the traffic is certainly helping to sustain the overall outsize air cargo business."

Coyne CEO Larry Coyne gave a similar view: "We are seeing new oil and gas fields being explored and I think there will be further projects developed in areas where we had not previously expected to see them." One example, he said, is West Africa. Hence Coyne's recent introduction of a new scheduled freighter service between Europe and Nigeria.

Established in 1994, Coyne has traditionally focused on servicing "difficult to serve" or "hard to reach" parts of the world from offices in London, England and Dubai.

Coyne claims to have been the first carrier to operate a scheduled freighter service into the Caspian Sea region, an AN-12 operation from Maastricht, the Netherlands, into Baku launched in 1996. Other 'firsts' freighter services claimed by the airline include Tbilisi in Georgia (1998), Western Kazakhstan (2000) and Yuzno Sakhalinsk on the Russian Pacific coast (2002).

Coyne claims it also was the first airline to initiate freighter operations into Iraq in 2004, providing the only "neutral service" to that market for the next 18 months. In 2006, it launched scheduled services to several points in Afghanistan.

To serve the Caspian market, Coyne currently operates a weekly 747-400 freighter service out of the UK's London Stansted airport to Tbilisi, via Cologne. Tbilisi is Coyne's regional hub for the Caspian region, with freight being moved by the IL-76 freighters to other points in the region, including Kazakhstan, and Armenia and Azerbaijan through trucking operations.

"The main traffic on the Tbilisi flights is oil and gas industry freight

coming out of the UK, Continental Europe and North America — and that is pretty much all large or outsize cargo. It is not unusual for us to get individual pieces of four to five tonnes," Coyne said.

"For the Caspian, there is a lot of outsize cargo business coming out of both the United States and Canada, particularly from the key oil areas like Houston, Calgary and Edmonton," Coyne said. We interline for U.S. and UK movements with various scheduled main deck carriers, particularly Air France, British Airways, Asiana Airlines and Saudi Airlines to connect with our Tbilisi flights."

Coyne indicates that if oil and gas industry development in the Caspian area continues, the airline might add a second flight on that route during the second half of the year.

Last year the airline launched service between Frankfurt Hahn, to Almaty, Kazakhstan, but dropped that operation before the end of 2007. "The route got overcrowded and did not really fit into our general strategy of operating to difficult to serve markets," Coyne said.

Coyne described the airline's second established area of regular activity to be the servicing Iraq and Afghanistan out of Dubai, using IL-76 freighters primarily. However, he points out, those flights do carry some outsize cargo. "One example is armour-plated vehicles, mostly for civilian use. They can be quite heavy, probably three to five tonnes."

Coyne Airways has further expanded the scope of its Dubai operations with the start of a weekly AN-12 flight to Tbilisi, offering up to around 15 tonnes of capacity. From Tbilisi, shipments can be transhipped to connect with the airline's regional feeder connections.

"We anticipate that cargo on the Dubai-Tbilisi flights be a combination of oil and gas industry and consumer traffic," Coyne said. "Tbilisi tends to be a consumer market whereas Kazakhstan freight is industrial type stuff. There will be some outsize cargo on those flights, particularly to Kazakhstan."

Just prior to launching the new Dubai-Tbilisi connection, Coyne Airways started weekly 747-200 freighter service from Brussels to Lagos, another route with "quite a bit of oil and gas industry traffic, including outsize cargo," Coyne said. That move, implemented in January, could be the forerunner of further expansion in the West African market.

"A lot of the oil and gas industry customers we serve in the Caspian region are starting to move into West Africa and have been asking us if we could provide a service," Coyne said. "Some of that traffic is coming from the U.S., but I would say that at the moment, Europe is probably a bigger supplier of oil and gas equipment to West Africa."

"I think we're going to develop a lot more in West Africa and will be looking to serve other hubs in the region," Coyne said. "West Africa is the great new possibility for oil development because it does not have the political or other hang-ups associated with

Russian and Middle East oil. The Chinese were very quick to recognize the advantages of getting oil out of Africa and now the Western oil companies are also all trying to get in there."

The oil and gas sector is also a major generator of outsize cargo for aircraft chartered by ACS, along with other energy related traffic such as electricity industry transformers and power plant equipment.

"Mining equipment is another good sector and we also recently carried some Bergwagens, oil industry seismic research vehicles which have huge wheels," Bauckham said. "Other outsize cargo includes aircraft engines, for example we do AOG (ground vehicle) work for Rolls-Royce."

To carry such outsize cargo, ACS often charters AN-124s, notably through Ruslan International, a joint venture marketing organization formed by Volga-Dnepr Airlines and Antonov Airlines in 2006, which boasts of access to a total fleet of 17 aircraft.

"Ruslan was one our largest aircraft suppliers in 2007," Bauckham said. "From January to December, we completed 45 outsize cargo flights with Ruslan aircraft, so over a 12-month period, we did around four flights per month of outsize work. That was about 10 percent of our revenue and 4 percent of our total flights for that period."

In January this year, he added, ACS completed two flights with the AN-225, one of which involved a flight from Budapest to Muscat in the Middle East carrying seismic vehicles and ancillary equipment.

While Ruslan is the primary source of the AN-124 aircraft chartered by ACS, there are others, including FLATAM (a joint venture company incorporated in France and representative for Libyan Air Cargo with two such freighters) and Abu Dhabi-headquartered Maximus Air Cargo.

"However, the experience Volga-Dnepr and Antonov have with those aircraft, plus their supporting infrastructure, means they're usually our first choice," Bauckham said.

As a broker, ACS doesn't order aircraft, develop new routes or have hubs; it simply charters aircraft to fly them wherever their customers dictate. While 55 percent of their business is cargo charters, only about 10 percent deals with outsize cargo. That amounts to between 5 percent and 6 percent of their overall business. Forty-five percent of its business is passenger related.

In addition to its broking role, ACS also manages a small leased fleet of UK-based freighters. The fleet consists of two 340s (capacity two to

"I think we're going to develop a lot more in West Africa and will be looking to serve other hubs in the region"

COYNE

three tonnes), two to three F27s (two to three tonnes) and three AN-26s (five tonnes).

"The AN-26s have a rear-loading ramp so they can take large pieces of cargo," Bauckham said.

The next major development for ACS is the scheduled opening this year of Hong Kong regional office, which will join other offices in London, New York, Moscow and Dubai. The target date for the Hong Kong opening is June.

"Obviously, China will be a major market for the new Hong Kong office but it will also focus on the wider region. On the outsize cargo side, Singapore is a base for a lot of oil companies, some of which warehouse equipment there ready for fast movement to production platforms in the region," Bauckham said.

One corporate development of which ACS has shelved for now is a public offering of company shares on the London Stock Exchange's Alternative Investment Market. That plan is on indefinite hold due to current worldwide "economic and stock market turmoil," Bauckham said. ■

People

Airlines

United Airlines: Chicago-based United Airlines named **Kyle Betterton** vice president of United Cargo and managing director of the airline. Betterton, who played a key role in building up the carrier?s European network, will be responsible for United Cargo?s sales and marketing, planning and revenue management. Betterton was managing director of airport operations and cargo for Europe, the Middle East, Africa and South America.

Delta Cargo: The cargo division of Delta Air Lines named **Tim Strauss** managing director of global operations. A 23-year industry veteran, Strauss had been vice president of operations at Northwest Cargo. He worked earlier as operations at Emery Worldwide.

Cargolux: The freight airline named **Jeannot Erpelding** head of public relations. A native of Luxembourg, he has been with Cargolux since 2001 and earlier was head of regulatory and government affairs. He worked earlier for TDK in Luxembourg and Sweden.

EgyptAir: The airline?s cargo division named **Ossama Abdellatif** cargo manager in Frankfurt. He has been with EgyptAir for more than 25 years, and has been cargo manager in Jeddah, Saudi Arabia, and in Sharjah, UAE, and has held several management positions at the airline?s Cairo headquarters.

Lufthansa Cargo: The carrier appointed six new regional managers. **Carsten Hernig** is the new regional manager in India and the Middle East, replacing **David Keary**, who is retiring. **Rüdiger Helm** replaces Hernig in Hong Kong, while **Alexander Kohnen** takes over Amsterdam. **Christian Haug** becomes regional manager in the U.S. Northeast. **Matthias Brazel** is the new regional manager for the United Arab Emirates, succeeding **Gunnar Löhr**, who returns to Frankfurt to handle quality assurance worldwide. **Marcus Burchard** is taking over Madrid from Wolfgang Frey, who is retiring.

ABX Air: ABX Holdings, the parent of the cargo airline, named ifinancial industry executive **Jeffrey A. Dominick** to the board of directors. He replaces **Frederick Reed**, who died last August. Dominick, 43, is a founding partner of MassMutual Capital Planners, a shareholder in Cargo Holdings, which ABX purchased last year, and is a former executive at Babson Capital Management, Chase Manhattan Bank and Deutsche Bank Securities.

ASTAR Air Cargo: The sub-service flier for DHL in the United States named **Kenneth Miller** managing director of employee relations. Miller has been with ASTAR since 2003 in finance and human resources positions. He will take some of the responsibilities of P. Douglas McKeen, who resigned as senior vice president of employee relations to take a senior post at United Airlines.

Third Parties


Freytag

Schenker: The forwarder named **Lutz Freytag** chief financial officer, replacing **Marco Schröter**, who became CFO of semiconductor manufacturer Infineon Technologies. Freytag, 49, has a doctorate in physics and was most recently a board member for finance and controlling at Railion Deutschland. He earlier held management positions at Stinnes and Siemens. Meanwhile, Schenker Deutschland said board chairman **Hans-Jörg Hager** will leave the subsidiary of Deutsche Bahn this year. Hager, who is turning 60 and is a member of the Schenker management board responsible for land transport in Europe, will remain in his position until a replacement is named.

Panalpina: The forwarder named **Marco Gadola** chief financial officer and member of the executive board. Gadola, 44, is former group CFO at Swiss consumer foods manufacturer Hero and was CFO at Strautman Holding. At both positions, said Panalpina, he worked in international business that included acquisitions and integration.

IJS Global: The forwarder named freight industry veteran **Hugh Cutler** vice president of sales and marketing. Cutler has been in forwarding for 28 years, most recently as president of air transport at BDP International. He was at Emery Worldwide and Menlo Worldwide for most of the previous 25 years, most recently as vice president of global transportation.


Farnan

AMI: The freight-wholesaling subsidiary of Menzies Aviation named **Paul Farnan** to the new position of sales and development manager or the Pacific region, based in Auckland, New Zealand. The appointment follows AMI's recent move to consolidate its acquisition of UAC last year under the AMI

brand. Farnan had spent eight years at the Port of Auckland and eight years with Pacific Forum Line.


Holmes

Ozburn-Hessey Logistics: The contract logistics and forwarding company named **Mark Holmes** vice president of global integrated solutions, a new division aimed at integrating multiple services. Holmes is a former director of logistics solutions at Tilion and more recently was national supply chain practice director for Collaborative Consulting.

Associated Global Systems: The New York-based forwarder named **Tom Nolan** director of sales and marketing for the Eastern region of the United States. Nolan was at Emery Worldwide for 11 years in both sales and operations positions. He earlier spent nine years at CSX Intermodal and also held positions at Delta Air Lines' cargo division and was vice president for sales and marketing at forwarder Nations Express.

Estes Air Forwarding: The division of U.S. expedited trucker Estes Express Lines named **Mark Molloy** vice president of sales and marketing. Molloy has spent most of his career with Roadway Express, most recently as vice president of its Canadian subsidiary, Reimer Express Lines.

EGSAC: The European General Sales Agents for Cargo named T**on Smulders**, managing director of Active Airline Representatives, president of the allied GSAs group. He replaces **Glauco Martinelli**, who has been president of EGSAC since 2002 and is retiring as chairman of Italy's ACSSys Group.

Ground Handling

Aviapartner: The Brussels-based operator named **Heath White** chief operating officer for its network of 32 stations across Europe. White, 38, has worked in the industry for 12 years and held commercial and operating management positions at Swissport and Cargo Service Center.

ASIG: The aviation services company named **Carmine Testa** general manager for ASIG's new handling operations at Terminal One of New York's Kennedy Airport. Testa worked for 28 years at Delta Air Lines and also was a hub manager for cargo carrier ABX Air in Atlanta.

Associations


Snowden

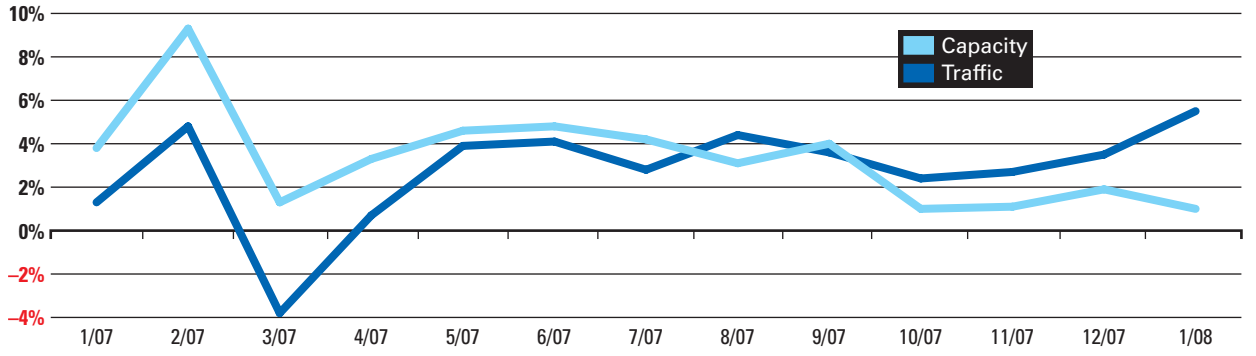
CIFFA: The Canadian International Freight Forwarders Association named **Ruth Snowden** executive director. Her career has included senior positions at freight forwarders, and was most recently a principal in her own consulting company. ■

Advertiser Index

the AirCargo Bottom Line

Carrying Asia

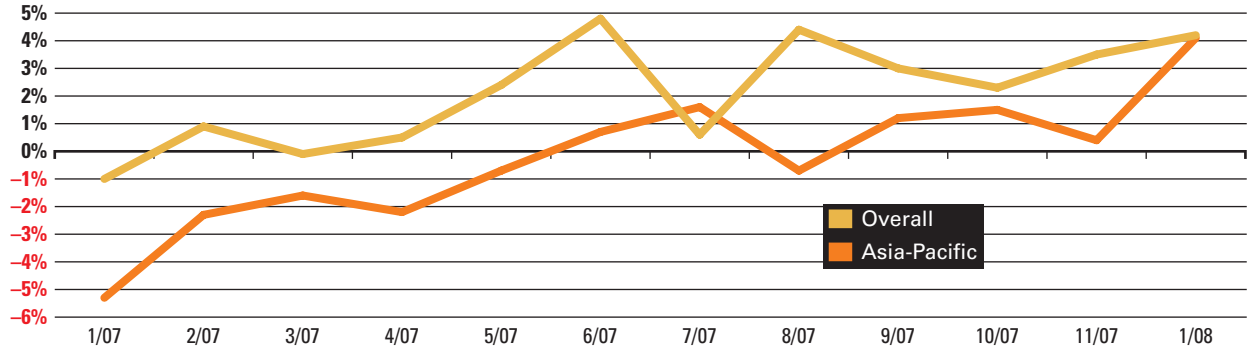
Monthly year-over-year percent change in capacity, in available tonne kilometers, and traffic, in freight tonne kilometers, of Asia-Pacific airlines.



Source: Association of Asia Pacific Airlines

Carrying Europe

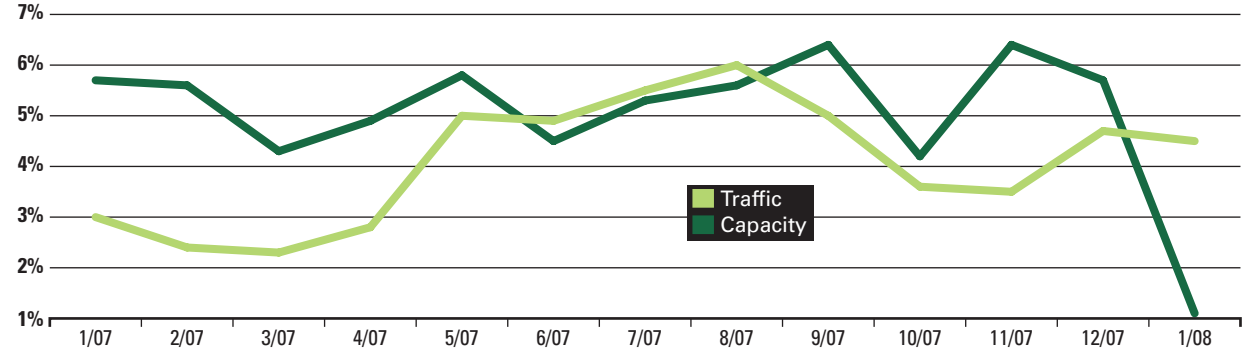
Monthly year-over-year percent change in overall freight traffic and Asia-Pacific freight traffic for European airlines.



Source: Association of European Airlines

Carrying International

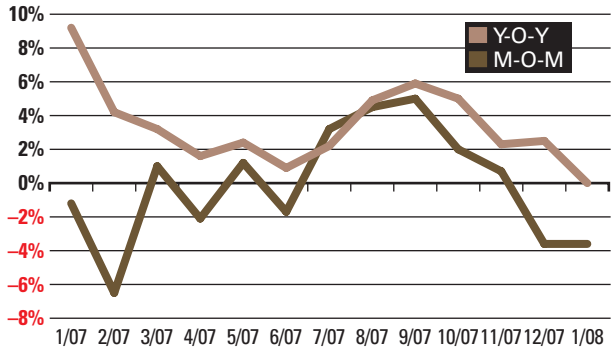
Monthly year-over-year percent change in total scheduled international freight traffic and capacity worldwide, in freight tonne-kilometers and available tonne-kilometers.



Source: International Air Transport Association

Semi Months

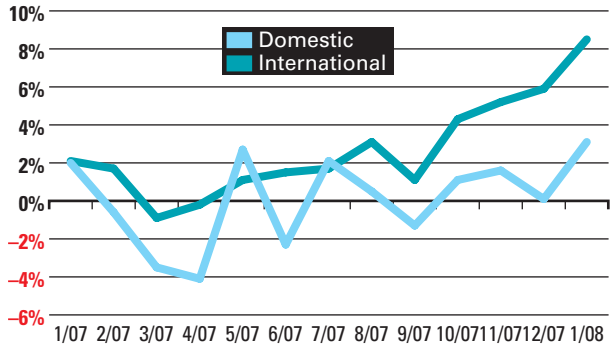
Worldwide monthly year-over-year percent change in sales of semiconductors and month-to-month percent change.



Source: Semiconductor Industry Association

U.S. Airlines

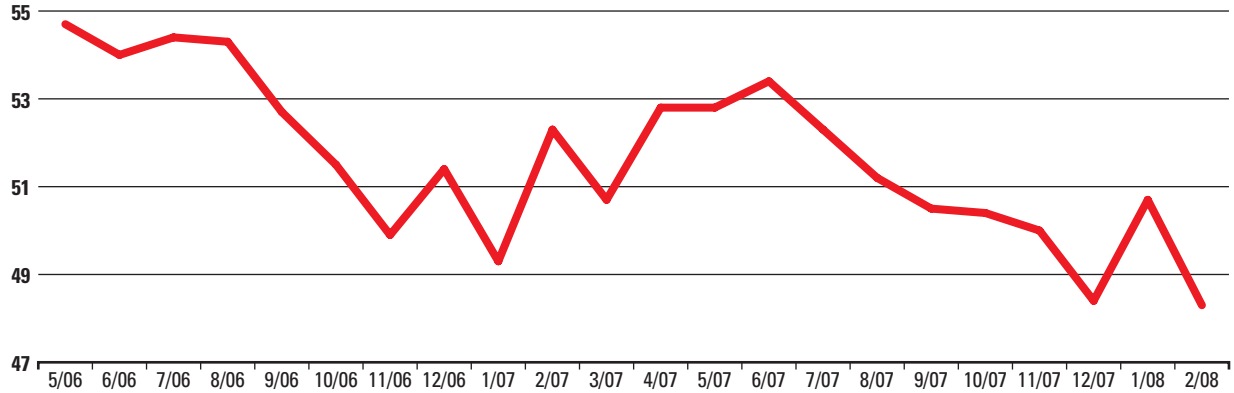
Monthly year-over-year percent change in domestic and international cargo traffic for U.S. airlines.



Source: Air Transport Association of America

Making Goods

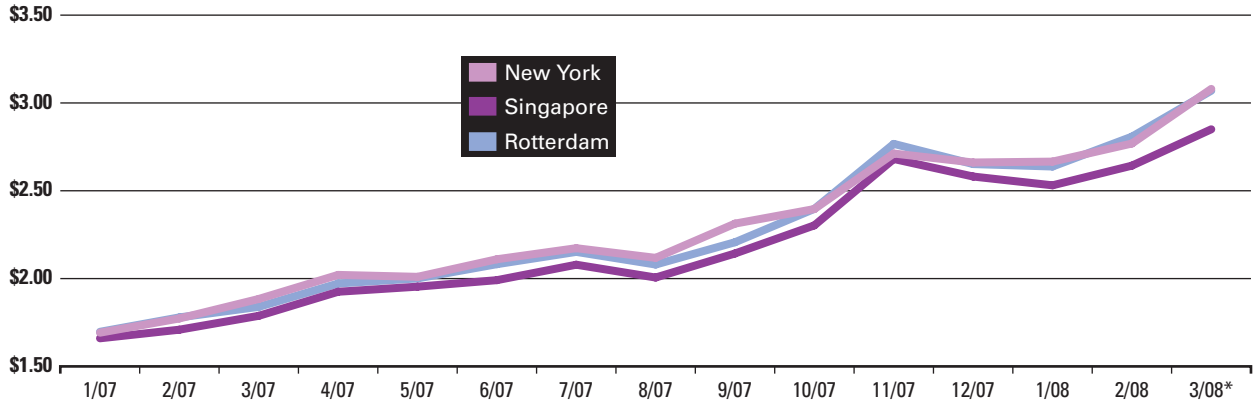
Monthly index of manufacturing activity in the United States over last two years. A reading above 50 shows expansion, below 50 contraction.



Source: Institute of Supply Management

Pump Price

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



** Through March 7*

Source: U,S. Energy Information Administration

Events

April 23-25

Brussels: Council of Supply Chain Management Professionals - 2008, the European version of the sprawling event for shippers looks at "Enhancing Supply Chain Performance in an Uncertain World. For information, call +1 630-645-3487 or visit: *www.cscmp.org*.

April 29-30

Rio de Janeiro: Sixth Annual South and Central American Air Freight Conference, at the Sheraton, with a look at what's being shipped, how the shipping is being financed and what aircraft are carrying the goods For information, call +44 1403 230 888 or visit: *www.aircraft-commerce.com/conferences*.

May 4-6

Palm Beach Gardens, Fla., CNS Partnership 2008, at the PGA National Resort & Spa, the annual Cargo Network Services meeting is a must for the international air freight business in North America. For information, call (516) 747-3312 or visit: *www.cnsc.net*.

May 12-14

Copenhagen: International Air Cargo Association Annual General Meeting, a smaller, focused version of the larger fall TIACA Air Cargo Forum, the event looks at the environment and modal competition. For information, call (786) 265-7011 or visit: *www.tiaca.org*.

May 20-22

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

June 17-19

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

June 23-25

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

Aug. 20-21

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

Sept. 15-17

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

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

Sept. 15-17

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

Sept. 23-26

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

Oct. 5-8

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

Oct. 13-15

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

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