

INTERNATIONAL EDITION

Air Cargo

OCTOBER 2011

World

THE SOURCE FOR AIRFREIGHT LOGISTICS

The battle over clear European skies



Top 50 carriers

Focus on Europe

Freight finance

Planes change, values don't.

Working together to create the
world's leading cargo carrier.

Get ready for superior service provided by the finest people in the business. Plus world-class facilities and more than 150 wide body aircraft linking an unparalleled global network. It's the best parts of two successful carriers...now United Cargo. For more information, contact your local United Cargo Sales Representative or visit us at unitedcargo.com.

**UNITED
CARGO** 

EDITOR

Jon Ross
jon.ross@aircargoworld.com • (770) 642-8036

ASSOCIATE EDITOR

Keri Forsythe
kforsythe@aircargoworld.com • (770) 642-8036

SPECIAL CORRESPONDENT

Martin Roebuck
jandmroebuck@btinternet.com

CONTRIBUTING EDITORS

Roger Turney, Ian Putzger

CONTRIBUTING PHOTOGRAPHER

Rob Finlayson

COLUMNIST

Brandon Fried

PRODUCTION DIRECTOR

Ed Calahan
Ed.Calahan@ubmaviation.com

CIRCULATION MANAGER

Nicola Mitcham
nicola.mitcham@ubmaviation.com

ART DIRECTOR

CENTRAL COMMUNICATIONS GROUP
centcommgrp@comcast.net

PUBLISHER

Steve Prince
sprince@aircargoworld.com

ASSISTANT TO PUBLISHER

Susan Addy
saddy@aircargoworld.com • (770) 642-9170

DISPLAY ADVERTISING TRAFFIC COORDINATOR

Linda Noga
aircargoworldproduction@ubmaviation.com

AIR CARGO WORLD HEADQUARTERS

1080 Holcomb Bridge Rd., Roswell Summit
Building 200, Suite 255, Roswell, GA 30076
(770) 642-9170 • Fax: (770) 642-9982

WORLDWIDE SALES

U.S. Sales

Associate Publisher
Pam Latty
(678) 775-3565
platty@aircargoworld.com

**Europe,
United Kingdom,
Middle East**

David Collison
+44 192-381-7731
dci.collison@btinternet.com

**Hong Kong,
Malaysia,
Singapore**

Joseph Yap
+65-6-337-6996
joseph@asianmedia.com

India

Faredoon Kuka
RMA Media
+91 22 6570 3081
kuka@rma-media.com

Japan

Masami Shimazaki
wms-shimazaki@kve.biglobe.ne.jp
+81-42-372-2769

Thailand

Chower Narula
worldmedia@inet.co.th
+66-2-641-26938

Taiwan

Ye Chang
epoch.ye@msa.hinet.net
+886 2-2378-2471

**Australia,
New Zealand**

Fergus MacLagan
maclagan@bigpond.net.au
+61-2-9460-4560

Korea

Mr. Jung-Won Suh
+82-2785-8222
sinsegi@igroupnet.co.kr

CUSTOMER SERVICE OR TO SUBSCRIBE: (866) 624-4457



UBM Aviation

POSTMASTER: Send address change to:
Air Cargo World
3025 Highland Pky Ste 200
Downers Grove, IL 60515

For more information visit our website at
www.aircargoworld.com

contents

22 **First Look**
Finance: Public valuations on the rise

24 **EU ETS**
The battle over clear European skies

32 **Region Focus**
Economic troubles depress European airfreight

38 **Rankings**
The world's top airlines

WORLD NEWS

6 Europe

12 Middle East

15 Asia

18 Americas

32

DEPARTMENTS

4 Editorial

47 People

53 Opinion

46 Bottom Line

50 Classifieds

54 Forwarders' Forum

Correction: In "Revenue management: More than a gut feeling" (September 2011), a picture of Pradeep Kumar was mislabeled. Air Cargo World regrets the error.

Air Cargo World (ISSN 1933-1614) is published monthly by UBM Aviation. Editorial and production offices are at 3025 Highland Parkway Suite 200, Downers Grove, IL 60515; telephone 866-624-4457. Air Cargo World is a registered trademark of UBM Aviation©2011. Periodicals postage paid at Downers Grove, IL and at additional mailing offices. Subscription rates: 1 year, \$80; 2 year \$128; outside USA surface mail/1 year \$120; 2 year \$216. Single copies \$20. Express Delivery Guide, Carrier Guide, Freight Forwarder Directory and Airport Directory single copies \$14.95 domestic; \$21.95 overseas. Microfilm copies are available from University Microfilms, 300 North Zeeb Road, Ann Arbor, MI 48106. Opinions expressed by authors and contributors are not necessarily those of the editors or publisher. Articles may not be reproduced in whole or part without the express written permission of the publisher. Air Cargo World is not responsible for unsolicited manuscripts, photographs or artwork. Please enclose a self-addressed envelope to guarantee that materials will be returned. Authorization to photocopy items for internal or personal use is granted by Air Cargo World, provided the base fee of \$3 per page is paid directly to Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923, and provided the number of copies is less than 100. For authorization, contact CCC at (508) 750-8400. The Transactional Reporting Service fee code is: 0745-5100/96/\$3.00. For those seeking 100 or more copies, please contact the magazine directly. Member of Audit Bureau of Circulations Ltd.

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



Jon Ross
Editor

A challenging time for air cargo

I feel like I write this almost every issue — or at least think about writing it — but last month was a crazy month for the air cargo industry.

Most of the craziness, of course, centered around Boeing. Our associate editor, Keri Forsythe, was all set to fly out to Seattle on September 19 for the delivery of the first 747-8F to Cargolux, when the manufacturer scrapped the ceremony. Cargolux, it turned out, would not be accepting the plane and it has been said that officials might start looking around for alternative options. Boeing's Dreamliner was due to be handed over to All Nippon Airways on September 28, and as of this writing, everything was still on schedule.

Even though yet another delay in the freighter delivery is certainly a big hiccup, Boeing officials also announced a new engine variant on its 737s and have started promoting the B737 MAX line of planes. Officials stated that the new engines will make the planes more fuel efficient; talk about Boeing's fuel efficiency compared to the new Airbus planes permeated the Paris Air Show this summer.

Speaking of fuel efficiency, October is shaping up to be an interesting month on that front. The European High Court is set to issue a preliminary ruling sometime in the next 30 days regarding a claim by U.S. carriers that when the EU's emissions trading scheme ventured into aviation territory, it became illegal. Representatives of these carriers are livid that instead of working for climate change through the ICAO, the European Commission has decided to take things into their own very wide-reaching hands. In addition to the preliminary ruling, debate on the floor of the U.S. Congress, where members of the House have introduced a bill barring U.S. carriers from participating in the EU ETS, is likely to heat up.

I don't think I'm going out on a limb when I write that most people in the air cargo industry wholly reject the idea of an emissions cap regulated by the European Union. I've even heard some people in the industry call this a money-grab by the Europeans.

Representatives from the EU have said their new policy is set in stone, so it's not clear what foreign carriers and aviation organizations can do to try to lessen what they see as a crushing blow. In this month's cover story, we've explored the issue from both sides, viewing the controversy from an arm's length.

I'm sure the features this month will generate plenty of comments. Please let me know what you think about these complicated issues by leaving your thoughts on our Facebook page or sending an email to jon.ross@aircargoworld.com. If you'd like to protest against the changes in the industry by invoking two bygone forms of communication, type-written letters can be mailed to the address found on the Table of Contents page.

A handwritten signature in black ink that reads "Jon Ross".

DeliverABLE



THAI Cargo is unrivalled when it comes to delivering the drink of pleasure. Our temperature control ensures wines are nicely cooled to preserve the integrity of its taste while the fragility of the bottles is carefully safeguarded on board for the perfect servings.

THAI Cargo always deliver the best.

 **THAI
CARGO**
www.thaicargo.com

UPS to upgrade Cologne hub

UPS is expanding its air hub at Germany's Cologne/Bonn Airport, the company's largest foreign expansion in its 104-year history. The upgrades will feature new technologies and increase the size of its current facilities. The \$200 million project, which will enable UPS to process larger shipments, is slated for completion by the end of 2013.

Once construction is finished, the expanded hub will allow UPS to sort an estimated 80,000 more packages each hour.

Choosing Cologne as the setting for its European air hub was a strategic decision, UPS officials revealed. In addition to a strong infrastructure and an extensive road network, the German city boasts an advanced airport runway system, a UPS spokesman said. Plus, Cologne/Bonn Airport allows UPS to fly at night until at least 2030, he explained.

It's benefits like these that UPS Europe President Jim Barber cites as crucial to his company's operations.

"The Cologne hub has served us well for 25 years and continues to be exactly where we need it in order to best serve our customers on the important trading lanes within Europe and beyond to the Americas and Asia," Barber said in a statement.

"This investment demonstrates our long-term confidence in, and commitment to, the European economy and its businesses that continue to produce goods sought after the world over," he said.

With export volumes out of Europe surging more than 10 percent in the past decade, UPS hopes to take advantage of this growth trend. Company spokespeople have said the expansion will create nearly 200 new jobs by the time it opens. **ACW**



Volga-Dnepr Airlines and Antonov Co. will soon start modernizing the AN-124-100

Is the born-again AN-124 ready for reconstruction?

It has been likened to raising the Titanic off the ocean bed. But the project to restart production of the modern-day Titan of the skies, in the shape of the AN-124-100 freighter, appears to be moving determinedly ahead.

As a precursor to that momentous step, Russia's Volga-Dnepr Airlines and Antonov Co. of the Ukraine have agreed to initiate a program to upgrade the first of Volga-Dnepr's fleet of AN-124-100s. Volga-Dnepr is the world's largest commercial operator of the heavy-lift transporter, with a fleet of 10 aircraft.

Under the terms of the agreement, the modernized AN-124-111VD will have an increased payload of 150 tonnes, compared to its previous 120-tonne payload. The primary change in the upgrade program will be achieved by re-equipping the AN-124 with new 3M-series D-18T engines. The environmental characteristics of the engines will be upgraded to meet international standards in ac-

cordance with the International Civil Aviation Organization's stated emission levels and noise requirements. Much of the aircraft's avionics and operating systems will be replaced with digital systems.

The engine lifetime of the upgraded version is to be extended to 50,000 hours. This is expected to be expanded to 60,000 hours, the equivalent of 12,000 flights, which, according to Volga-Dnepr officials, will give these reinvigorated aircraft a typical service life of up to 50 years.

Valery Gabriel, CEO of Volga-Dnepr, pointed out that the carrier has already undertaken extensive upgrade work of its AN-124-100 fleet in recent years. "This has included upgrading five aircraft in the fleet to 150-tonne-payload capability as well as installing new avionics and inertial systems," Gabriel said. "This has required an investment of up to \$4 million for each aircraft."

He confirms that the agreement with Antonov will require Volga to

commit \$400 million to the further deep modernization of its entire AN-124-100 fleet, a program expected to take four years to complete. "It is planned that the upgrade of each aircraft will take six to eight months, with only one aircraft being taken out of service at a time," Gabriel said.

The investment by Volga-Dnepr will also help fund a major research and development program, which will be undertaken simultaneously. This, it is said, will act as the catalyst for ultimately relaunching serial production of a new-build AN-124-300 freighter.

"The modernization of the AN-124-100 fleet and upgrade of the D-18T engine will provide the platform for production relaunch," Gabriel said. "We hope that will happen in 2016."

Volga-Dnepr Group's ebullient president, Alexey Isaikin, has already stated that he is ready to order up to 40 of the new-build AN-124-300s, based on the strategic requirements for oversize and heavy-cargo transportation. It is a market segment, according to company estimates, that is growing at a rate of 10 percent to 12 percent per year in cash terms. That means it will be valued at \$3 billion by 2020 and \$7 billion by 2030. Currently, Russian operators, with their monopoly of AN-124-100 lift, retain a 75-percent market share.

But what are the chances of the renovated AN-124-300 getting airborne?

"It is going to be a big task, requiring billions of dollars to get an aircraft production line like this going again," said one analyst. "Added to which, you need to ensure you have all your component suppliers in place." That level of investment, he added, could never be recovered by the relatively limited order potential of such a unique aircraft.

Typically, it has been revealed, restarting production may be hampered by the simple lack of tooling machines used to build the original aircraft. "The AN-124 has a unique wing design, manufactured from a single piece of aluminum, the tooling ma-

chine for which has been destroyed," one observer commented.

The only real hope for the comeback of the re-invented AN-124, commentators have said, would be if the Russian military saw a strategic need for such a transporter and were to place orders in significant numbers. After all, the aircraft was originally designed to serve in a frontline military role. "That is not the case today," said one analyst. "The current Russian military machine is designed to fight small local wars, without the need for an extensive strategic airlift requirement."

The only other alternative for the Russians, in seeking to offset new-build costs for the aircraft, would be to embrace a joint production program with a Western aircraft manufacturer. A project like this has been hinted at before, with talk of Boeing becoming involved in final assembly

of the aircraft. But Russian build quality still has a ways to go to convince Western operators to grapple with such a beast as the AN-124, sources have said. Added to which, Boeing has its own potential heavy-lift contender with a possible commercial variant of the C-17, although its 80-tonne payload makes it a relative lightweight in the market.

Ultimately, questions are raised over the actual size and scale of the outsize market. "Realistically, around 75 percent of all project charters could be accommodated with an aircraft the size of a C-17, with only 25 percent requiring the capabilities of the AN-124," said one charter broker.

To add to Russian woes, it would also appear that the Western market now views the comeback of the airship as a genuine prospect for the handling and movement of outsize loads. **ACW**

Is the bar too high?

Nope. Take it up a notch.

Some brokers are annoyed at our fanatical customer service.

Jeez. You'd think it was impossible to deliver your load safely and legally in a two-hour window 97% of the time, or notify you four or more times every load.

Hey. If they can't match us, it's not our vault.

Bounce Logistics™

877.677.5623 www.bouncelogistics.com

S U P P O R T E X C E L L E N C E



Sponsor the Air Cargo Excellence Awards

Align your organization with the very best in the industry. Sponsorship of Air Cargo World's ACE Awards offers you the opportunity to honor top airlines and airports while reaching leaders and key influencers within the air cargo community. Share in the prestige of the air cargo industry's pinnacle event.

Learn more about our sponsor packages at www.aircargoworld.com/acesponsor or call us at +1 770-642-9170 (US) or outside the US +001 770-642-9170



UBM Aviation

Air Cargo World is a UBM Aviation brand.

data

analytics

consulting

events

media

DHL and Southern Air link up

DHL Express and Southern Air Holdings have inked a multi-year deal enabling Southern Air to operate three Boeing 777s on behalf of DHL. The freighters, which are lauded for their fuel-efficiency, will be utilized on DHL's U.S., Asian and Middle Eastern routes.

The first freighter entered DHL's fleet in August and is currently being used to link the express mail provider's Cincinnati, Bahrain and Hong Kong hubs. Southern Air officials anticipate acquiring the subsequent 777s in March or April, operating them on DHL routes immediately. The addition of these three aircraft brings the total number of Boeing 777s in DHL's fleet to 11.

To DHL executives, there are many benefits of this acquisition: In addition to burning 20-percent to 25-percent less fuel, the aircraft offer a higher payload.

"With this additional new round-the-world service, our customers have the benefit of later pickup times for next-day deliveries in the U.S., Canada and wider areas in the Americas region," DHL Express Executive Vice President of Global Network Operations Charlie Dobbie said in a statement.

"Additionally, for the express services from Canada, Latin America and the U.S., provided through our hub in Cincinnati to the Middle East via Bahrain, we are able to shorten transit times considerably, by as much as one full day," Dobbie continued. It's an advantage that will especially benefit DHL's clients serving the oil and gas, technology and communications sectors, he said.

DHL and its customers aren't the only entities benefiting from this deal, however. Southern Air officials said operating the 777s also fits it with their plan to provide clients with more sustainable airfreight solutions.

"The Boeing 777s are the largest, most capable twin-engine freight-

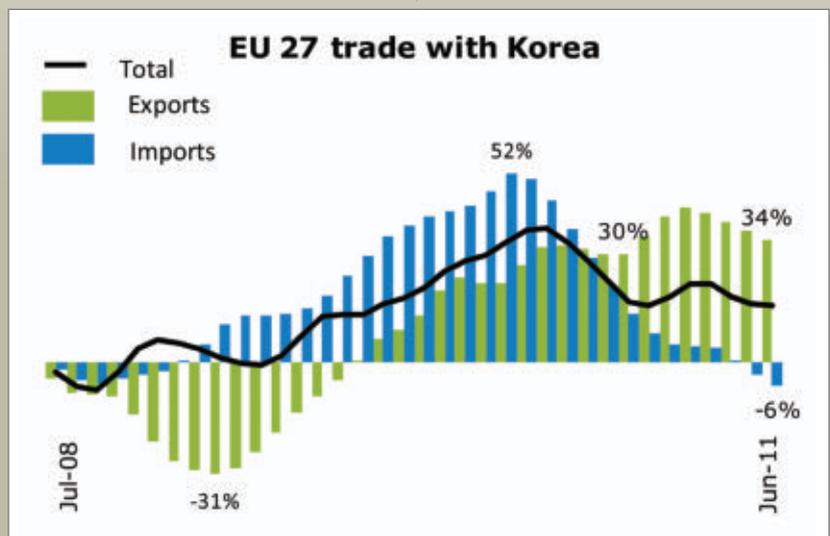
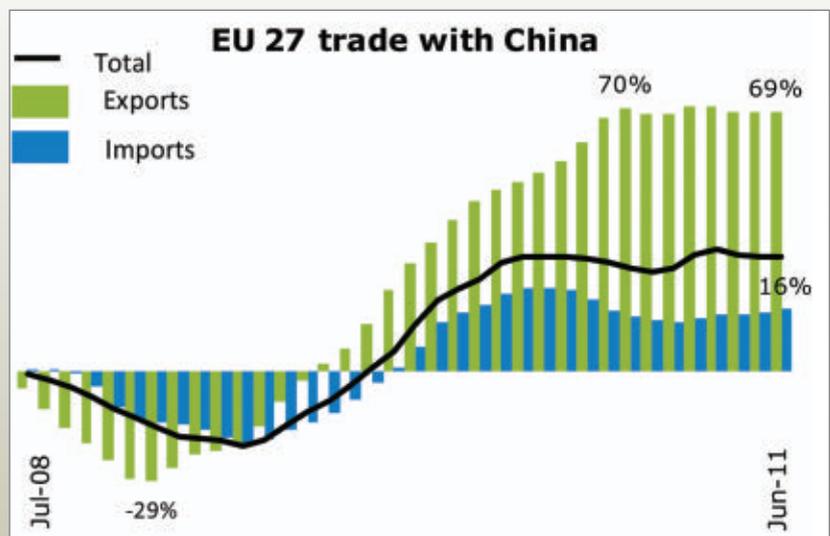
ers in the world, and we are thrilled to be flying these premium aircraft on DHL's behalf," Southern Air CEO Daniel McHugh said in a statement. After all, he said, "Southern Air strives to provide its growing, blue-chip client base with reliable, effi-

cient, flexible solutions that best suit their needs."

Southern Air, which currently operates four 777s, is "actively looking" to increase the number of freighters in its fleet, a company spokesman revealed. **ACW**

EU trade with Asia

The International Transport Forum recently compared EU air cargo trade with Asia from the pre-crisis peak in June 2008 to June 2011. These two graphs, which represent the biggest EU-Asia trade partners, paint a picture of modest growth that is on a downward trend.



In the news...

Cargoitalia has hired aviation specialists **Molocon Logistics Consulting** to assess its sales and customer relations functions. Cargoitalia is looking to better position itself to withstand the challenging market conditions. This review comes on the heels of Molocon senior partner Marc Oedekoven's appointment as director of sales and customer relations for Cargoitalia... In its first joint long-haul order, **Air France-KLM** will purchase 25 Airbus A350s, with an option for 35 additional planes, and 25 Boeing 787-9 Dreamliners, with an option to buy 25

more. According to the most recent price figures released by the manufacturers, the average list price for the 787-9 Dreamliner is \$218.1 million; the A350-900 carries a list price of \$267.6 million. KLM is expected to start flying its first Dreamliner in 2016; Air France will take control of the first Airbus plane in 2018. According to a company press release, the two carriers will eventually fly both aircraft. "For its first joint order, the Air France KLM Group made its selection after a detailed assessment showing all the performance characteristics of each aircraft, including their

energy and environmental performance," Pierre-Henri Gourgeon, Air France-KLM's CEO, said... **KLM** will launch twice-weekly B777-200 flights between Amsterdam and Luanda, Angola, on November 14. Air France and KLM now offer a combined four flights a week to the city. KLM will also begin services to Rio de Janeiro, Buenos Aires, Havana and Punta Cana, Dominican Republic... Officials at **Schiphol Cargo** and **Air Cargo Netherlands** have launched the eFreight Online Academy, a web-based tool in their efreight@nl project that is aimed at promoting the use of e-freight at the airport. According to a Schiphol press release, current content includes courses that review the first steps in electronic messaging and a beginner's look at e-freight. "We are actively promoting the use of e-freight at Schiphol using a variety of methods. We believe the forum facility in the e-freight academy will prove to be one of its most important elements, providing community members with a simple way of improving their subject knowledge," Saskia van Pelt, Schiphol Cargo's director of business development, said in a statement. "The forum will also enable the efreight@nl team to refine their future activities by developing a better understanding of what the market thinks of the e-freight concept and what concerns may exist about its implementation." ... The **Fraport Group**, which operates Germany's Frankfurt Airport (FRA) and holds a majority stake in Peru's Jorge Chávez International Airport, Turkey's Antalya Airport and Bulgaria's Bourgas International Airport, has announced its traffic figures for August. But of these four airports, it's FRA's cargo slump that has really caught the attention of industry insiders. Although FRA's January-to-August tonnage remained consistent with 2010 numbers, freight volumes fell 7 percent, year-over-year, in August, dropping to 172,415 tonnes. Still, Fraport AG Executive Board Chairman Stefan Schulte said these numbers are misleading. "One has to take into account that the airfreight segment — following the finance and economic crisis of 2010 — has been characterized by very strong growth rates," he said in a statement. "Thus, Frankfurt Airport's airfreight volume of 2.23 million metric tonnes in 2010 clearly exceeded the pre-crisis levels during the years 2007 to 2009." Aircraft movements rose steadily in this period, increasing 5.3 percent from January to August. RTK dropped 2.5 percent, year-over-year, in the Asia-Pacific, a testament to the area's sluggish economy and aftershock of Japan's tsunami and earthquake in March. **ACW**

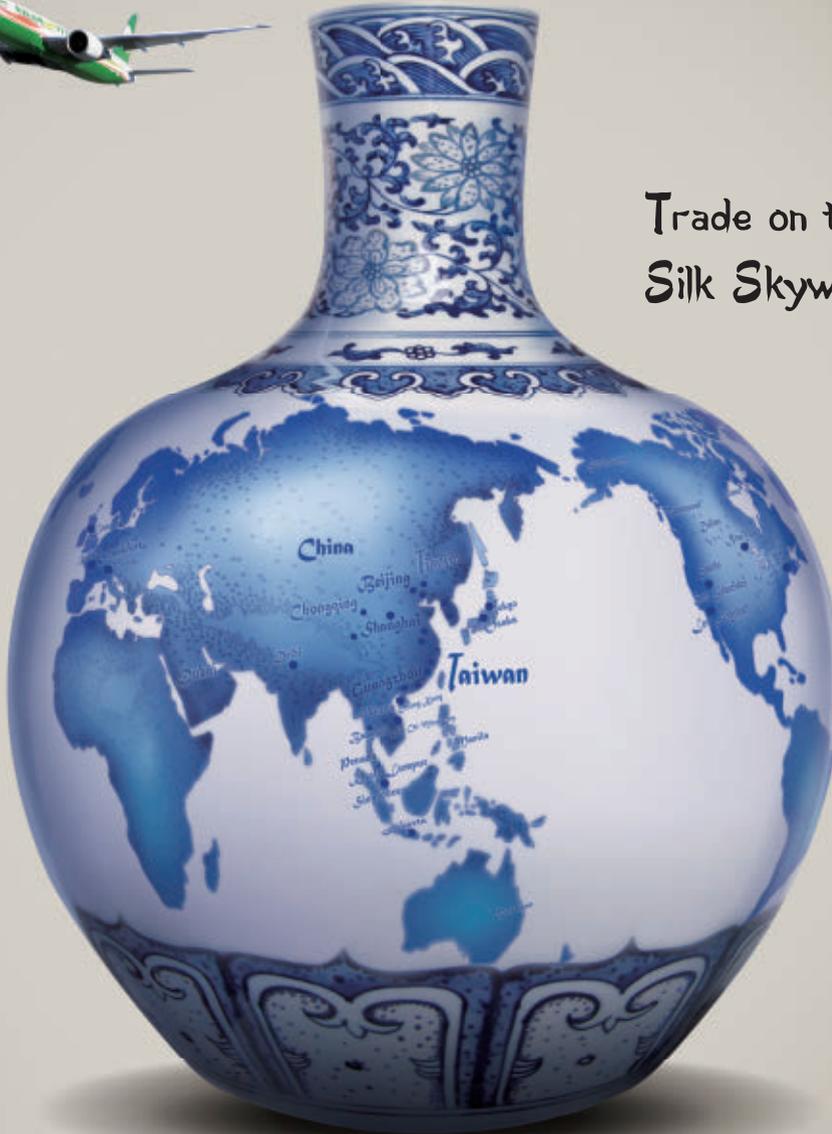


BUILDING A BETTER NETWORK, NOT JUST A BIGGER ONE.

It's easy to forget that size alone isn't enough to lead this industry. No shipper is waiting for a bigger airline; they're waiting for one that's committed to making shipping better.

Visit deltacargo.com for more information and to book, track and trace your shipments 24/7.



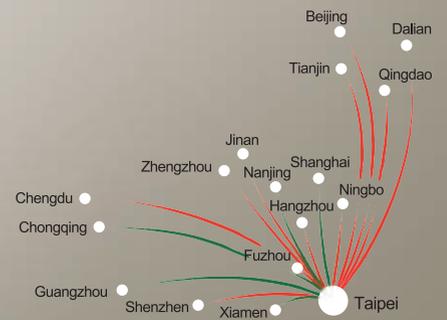


Trade on the Silk Skyway, Worldwide



Access, from the Middle Kingdom to the world

EVA Air Cargo has China covered and you're at the center of our worldwide network. Secure and efficient, we connect the Middle Kingdom's vast resources with the global economy's great opportunities. Boost business with EVA Air Cargo.



■ Mainland China Route Map ■ Freighter Service Locations Served
 EVA AIR Cargo covers major cities around the globe.
 For the latest and most accurate information see our website.

Middle East among best freight markets

Despite weak cargo numbers all around, July freight volumes grew significantly for Middle East and Latin American carriers, according to data collected by the International Air Transport Association. Rising a respective 8.4 percent and 8.2 percent, these numbers deviate greatly from the 0.4-percent freight decrease reported throughout the industry.

Asia-Pacific airlines posted the biggest losses in July. Cargo volumes for these carriers fell 3.6 percent from 2010, driven largely by the residual effects of March's tsunami and earthquake in Japan. The "general economic gloom" also contributed to this decline, an IATA spokesman asserted.

Although international airfreight markets outperformed domestic sectors in July, the difference was marginal. Improving one percentage point from the beginning of the year, global cargo volumes were only 3-percent higher than pre-recession levels; they also plummeted 5 percent from their early 2010 peak.

July airfreight volumes weren't the only areas of concern, however. Freight load factor also fell significantly in July, dropping to the pre-recession level of 45 percent. IATA officials blame this phenomenon on increased capacity and reduced demand.

The issue is multifaceted, association officials explained. "While the [Asia-Pacific] suffers from a major imbalance with strong outward flows of manufactured goods and weak inbound traffic, the scale of their home carrier operations allows for better capacity utilization," they said.

Unfortunately, the rest of 2011 doesn't look promising for carriers outside the Middle East and Latin America. In fact, IATA Director General Tony Tyler envisions the situation getting worse before it improves. "With business and consumer confidence now tanking, sluggishness in international trade and high fuel prices, the expectation is for a weaker end to the year," Tyler said in a statement. **ACW**



The first phase of a new perishables center at Abu Dhabi International Airport has been completed. The final phase is slated for delivery by the end of the year

Abu Dhabi airport moves ahead with perishable center

Officials at Abu Dhabi International Airport have completed the 6,000-square-meter first phase of a new perishable cargo terminal. Features of the completed terminal will include dedicated storage for food, a separate room for palletized goods, a Customs area and a room dedicated to food inspection. The second phase of the project is slated to be complete by the end of the year, officials said.

According to airport spokespeople, the new perishable center will improve Abu Dhabi Cargo Company's handling abilities and will, therefore, allow customers to ship a greater diversity of perishable goods through the airport.

"The majority of the perishable traffic originates from Asia and the Far East destined for markets in Eu-

rope and the Middle East. We hope to use the new facilities to support the growth of this market. This will also allow the UAE's national carrier, Etihad, to develop the perishable traffic using its ever-growing network," Najib Chehade, the airport's acting general manager, landside operations and outstations, said.

The air cargo market in the Middle East has done well considering the regional strife. Protests that arose from the Arab Spring and the ongoing issues in Libya at first halted cargo traffic, but Chehade said flows have returned to normal. He's even hopeful of some increased activity in the near future.

"Various clients of ADCC from the regional airline community are now investing in new airplanes to increase their frequencies and cargo capacity, despite the current political

scene. On the international level, and due to Etihad's cargo route development strategy for China and the Indian subcontinent, ADCC will continue to witness positive growth in the coming year generated from this region," he said.

During the first seven months of the year, cargo throughput at Abu Dhabi International Airport rose 9.9 percent, year-over-year, settling

at a total tonnage of 246,713. Lufthansa announced a restructuring of its flights to Abu Dhabi in August. Starting this month, the carrier will fly directly from Abu Dhabi to Frankfurt without routing through Muscat, Oman.

With traffic trending upward and carriers offering more routes, Chahade hinted that the perishable center might not be the only develop-

ment officials are considering.

"Abu Dhabi Airports Company is currently evaluating alternate options on the construction of the new cargo facilities," he said. "In the interim period, a short-term capacity enhancement program is underway wherein areas on the airside will be developed to provide for additional cargo staging, freighter cargo holding areas, etc." **ACW**

Human element needed for intelligent security

Those attending the International Quality and Productivity Centre's third-annual Aviation Summit held in Dubai from September 18 to 21 were left in no doubt about the scale of problems and the escalating sophistication of both criminal and terrorist groups. But the main theme running through the conference was one of humanity — in order to stop security threats, a human element is needed in the screening process.

Allan Thornton, head of security for Gulf Air, said there was no-one-size-fits-all approach to security. The way forward, according to Thornton, is to assess the situation with personal observation and human skills — the best tools airlines have.

"There is no substitute for going and looking yourself," he said.

Cornelius Vuuren, regional security manager for TNT Express, explained just how difficult the security picture has become by telling the audience about a recent shipment of microwave shipment sent from Egypt to Jordan; the freight contained a sizable number of pistol magazines.

"[Security] is a real threat in Dubai and our region," Vuuren said. He also gave a non-airfreight example of a recent truck hijacking in Saudi Arabia in which \$500,000 worth of laptops were stolen.

More chillingly, Mark Moles, detective chief inspector with the counter terrorism unit of the UK's Metropolitan Police, detailed the state-of-the-

art bomb placed in a used printer on a flight from Yemen last year. The bomb "really showed innovation," he said. During his presentation, computer-generated graphics showed that no unusual wiring was seen in the package; the primary circuit board of a cellphone, used to trigger

the blast, went undetected because it was next to the printer's main board.

"This, for me, is where they stepped up," Moles said. "It's not going to be a printer next time."

Moles said the cargo business faces increasing security challenges. Not only are bomb-makers increasingly

Monday Hongkong, International Airport
Wednesday already on sale in Germany



When things get tight ...

Feel free and explore unlimited capacities all night long without any curfew and slot restrictions. Slip into 24/7 business with cargo handling, customs clearance, veterinary and plant inspection on duty around the clock. Take advantage of quick turnarounds due to short ways and nose-in position at all 3 warehouses. A 3,800-m runway, ILS for CAT III approaches and facilities for line and heavy maintenance will complete the perfect picture.

Enjoy your day and night cargo hot spot.

www.hahn-airport.de

frankfurt hahn
airport
WE CAN AIRPORT

cutting-edge in their abilities, but the Internet allows them to spread the technologies to other groups and what Moles termed “lone wolves” — solitary, self-radicalized individuals. “We are going to have a massive problem with that,” he said.

Conference attendees seemed surprised as to the detail of Moles’ presentation; some who attended the session hinted the specificity was a move to galvanize the industry by shocking it.

Unfortunately, the problems the industry is facing might spread and take some nasty new turns. That being said, one ray of hope is an improving situation in Iraq.

“Iraq is normalizing in terms of aviation, but has a long way to go,” Martin Aggar, director of aviation — Iraq at G4S, said. More airlines are con-

“[The Yemen plot] is where they stepped up. It’s not going to be a printer next time.”

**— Mark Moles,
Metropolitan Police**

ducting audits, and the government is expected to sign its National Civil Aviation Security Program before the end of the year.

What was clear is that while technology is respected as a way to enhance security, many felt that human instinct was sometimes more reliable. Moles pointed out that the bomb plot

was foiled by people, not machines. “If it wasn’t for [human intelligence], that would have gone off,” he said.

A good example of what this blend-ed, but human-based, strategy looks like came from Abu Dhabi Airports Company. The firm plans to use intel-ligent video analysis in its new mid-field terminal, according to Ahmed Mohammed Al Haddabi, senior vice president for airport operations. This will back up ULD scanners, an explo-sive trace detection unit and security dogs on the cargo side.

ADAC keeps an open mind on what technology it buys and uses, but is firm on one point.

“We do believe that what we do has to be integrated,” Al Haddabi told conference attendees, although he noted that “if you don’t have the people, you have nothing.” **ACW**

In the news....

Africa West Cargo has leased a second DC9 and recently added services to Freetown and Monrovia. The Togo-based carrier now has scheduled services to 10 destinations in West Africa. “This additional aircraft will help us in our commitment to continually enhance the services that we provide to our customers,” Africa West’s CEO, Yannick Erbs, said in a statement. Finally industry veteran Issa Baluch recently took over as chairman of Africa West...

Emirates SkyCargo has acquired its third Boeing 777 freighter to be utilized on its thrice-weekly freight route between Brazil’s Viracopos-Campinas International Airport and São Paulo-Guarulhos International Airport. The aircraft also fits Emir-

ates’ specifications, considering the carrier’s cargo team collaborated with Boeing to develop it...

Qatar Airways has launched service to Sofia, Bulgaria. Operating the route four times a week, Qatar Airways has increased its European presence tremendously in the past nine months, also launching service to Bucharest, Budapest, Brussels, Stuttgart and Venice. Europe, which accounts for one-quarter of Qatar Airways’ business, is a region of particular interest for the Doha-based carrier. In fact, the launch of service to Sofia brings the total number of European cities served by Qatar to 26. That number will soon grow to 27, however, as Qatar Airways will commence service to Oslo on

October 3. To Qatar Airways CEO Akbar Al Baker, the new European routes signal vast economic opportunities for his company. Sofia International Airport CEO Veselin Peykov pointed to the benefits of this new service. “We are proud to welcome Qatar Airways to Bulgaria and to be able to offer our passengers a new gateway to over 100 destinations worldwide,” Peykov said in a statement. “Sofia Airport is growing at a sustainable pace, gradually turning into a regional hub and I am happy to welcome Qatar Airways on Bulgarian ground.” Europe’s not the only region Qatar Airways is targeting, however. The carrier will launch service to Entebbe, Uganda, on November 2. **ACW**

Finding your space



Fujairah International Airport
www.fujairah-airport.com



- * Open skies
- * Efficient handling of bulk cargo
- * Fast freight turnarounds
- * Preferred choice for long haul technical stops
- * Modern and well equipped facilities
- * Competitive fuel, landing and handling rates
- * **OPEN FOR OPPORTUNITIES**

Contact • marketing@fujairah-airport.com • sbdm@fujairah-airport.com • +971 9 205 5552



Cathay Pacific has partially turned its attention away from the B747-8 freighter, placing an order for eight B777Fs

Asian carriers bulk up with Boeing freighters

With its order for eight Boeing 777 freighters, Cathay Pacific looks set to defend its perch at the top of the international air cargo carrier hierarchy. Officials have now signaled to the market that they view the current softness as a temporary phenomenon.

The freighters, which are scheduled for delivery between 2013 and 2016, will change the look of Cathay's cargo operation. The B777 order marks a departure from the airline's exclusive focus on B747 cargo aircraft, but this is not to say it is moving away from the 747. Cathay has ordered 10 747-8 freighters, six of which are slated for delivery before the end of this year, with the remainder due to come on stream in 2012. What, if any, affect Car-golux's refusal to accept delivery of its B747 freighters will have on Cathay's planned deliveries is not yet known.

The 777 simply offers the airline a chance to enter new markets. The

105-tonne aircraft has the payload, fuel efficiency and range to replace 747-400Fs on long-haul routes. Cathay Cargo head Nick Rhodes has said that the new order will be used to replace older freighters (notably 747-400BCFs) and to expand capacity. The B777 can also be fielded in markets where a 747 freighter would not work well — notably, in sectors within the Asia-Pacific arena.

Rhodes has made it plain that the freighters under consideration for the carrier's recent order had to offer capabilities suited to the Asian market. He remarked that a regional freighter would be used "for all the usual suspects in Asia — Dhaka, Hanoi, Saigon, Penang, Jakarta, Singapore, Kansai — and numerous ports in India and China, mostly point to point to and from Hong Kong."

Singapore Airlines, which has concentrated purely on 747 freighters to serve long-haul, intercontinental sectors, has not strayed from the

Chinese freighter demand to hit 400 by 2030

China's airfreight market will only grow in the coming decades, Boeing officials recently predicted. Although the Asian nation already leads the world in cargo growth, Chinese carriers will have a demand for 400 new freighters by 2030, representatives for the aircraft manufacturer projected.

Jumbo-sized freighters, such as Boeing's 747-8Fs and 777Fs, will be the most in-demand aircraft, company officials anticipate. After all, Boeing Commercial Airplanes Vice President of Marketing Randy Tinseth said, China will utilize the majority of the planes on its long-haul routes.

In addition to requiring 400 freighters, China will also necessitate 5,000 new commercial airplanes by 2030, a Boeing spokesman said. The aircraft, valued at \$600 billion, will help China take advantage of its booming tourism sector and its double-digit economic growth.

This influx of planes is simply a matter of keeping up with demand, Tinseth explained. "Sustained strong economic growth, growing trade activities, increasing personal wealth and income, as well as continued market liberalization will be the driving forces in shaping China's air travel market," he said in a statement.

"We expect China will be the second largest country taking new commercial airplane deliveries due to its air travel demand growing at an annual rate of 7.6 percent, on average," Tinseth continued.

In terms of commercial aircraft demanded, Boeing officials have said that they anticipate small- and medium-sized, twin-aisle planes, such as its 777 series, will account for more than 40 percent of future deliveries to China. Narrow-body aircraft will also have a place in China's aviation sector; company representatives project deliveries of these smaller planes to reach 3,550 by 2030. **ACW**

The [eight B777 freighters] will change the look of Cathay's cargo operation. The B777 order marks a departure from exclusive focus on B747 cargo aircraft.

747, but is focusing more on intra-Asian flows. The carrier has added Taipei, Bangkok, Kolkata and Osaka to its freighter network in response to growing intra-regional trade. This spring, Singapore officials began all-cargo flights from the carrier's home base over Bangkok to Shanghai and Tokyo, and Singapore executives are now looking to add more regional freighter flights if the market warrants it, a spokesman stated.

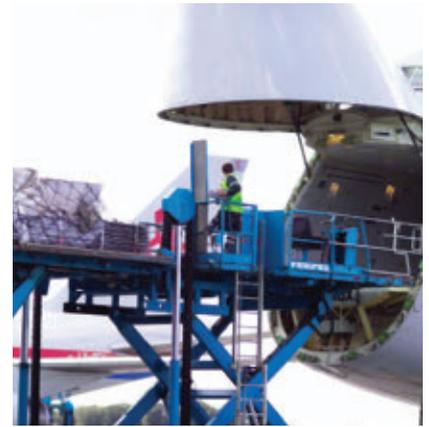
Asiana Cargo is also looking to boost its footprint in the regional market. Next year, it plans to run daily Seoul-Shanghai freighter flights with 747 equipment, replace the B767 freighter on the Manila route with a 747 cargo aircraft, start 747F flights to Chongqing, and step up the frequency on the route from Seoul to Singapore and Bangkok.

"We will upgrade our freighter schedule flying in this region," declared Kee Chul, senior vice president of cargo sales.

The regional focus reflects a shift in traffic patterns. Statistics for the first four months of the year show that for the first time, the U.S. was not the top cargo market for Singapore Changi International Airport. Powered by 10-percent growth, China took over that mantle.

Operators report that their intra-regional business has kept its momentum, a trend in stark contrast to the slowdown in the long-haul business to Europe and North America. Amid pessimism about these markets in the months ahead, the Asian sector looks ever brighter. The recently published Asia Pacific Transport and Logistics 2011 report from Transport Intelligence predicts double-digit growth in the region. Not surprisingly, the authors named China as the engine for much of this growth, both in terms of flows to and from the country as well as the migration of low-cost production to emerging Asian economies like Cambodia and Laos.

Governments in the region are investing more in logistics infrastructure and are bent on dismantling trade barriers through political efforts, the study found. China, Japan and Korea are working on a joint study for a trilateral free-trade agreement launched last year,



which they intend to complete before the end of this year, 12 months ahead of their original timetable. In a joint declaration issued after a summit in May, the leaders from the nations expressed the shared view "that the three countries should strengthen cooperation to further enhance vitality and dynamism of the region and lead the vigorous growth of Asia."

Forwarder Panalpina is beefing up its intra-Asian capabilities. Its new intra-regional service, announced at the end of August, stretches from China to Singapore and Malaysia, including the coastal gateways in China like Shanghai as well as rapidly growing interior cities. These are places "where the entire market still struggles to find adequate capacity for air and ocean transport," said Andreas Wolff, intra-Asia trade lane development manager at Panalpina. This new service will not utilize any air cargo flights; it is a trucking network. **ACW**

In the news...

Volga-Dnepr Airlines will open a Japanese sales office this month to accommodate the nation's demand for outsize and heavyweight cargo. Japan, which holds between 10 percent and 18 percent of Volga-Dnepr's market share, is a key region for the company, according to Dennis Gliznouts, group commercial director for the airline. "As part of the development of our cargo supermarket marketing concept — which incorporates scheduled Boeing 747F services to and from Japan by our sister airline, **AirBridgeCargo** — we are always looking at new opportunities and niche markets, particularly in re-

gions where we have experienced strong growth," he said in a statement. ... **Kerry Logistics** is planning to open a 10,000-square-meter warehouse in Hanoi in November. Officials said work will most likely come from the high-tech, food, industrial and textile industries. ... **Lao Airlines** has purchased two A320s, marking the first time the flag carrier of the Lao People's Democratic Republic has partnered with Airbus. Lao Airlines will utilize the aircraft on flights linking Vientiane to Southeast Asia, including Singapore and Bangkok. ... **Global Aviation Holdings** subsidiary **World Airways** has inked a

deal with **Asiana Airways** to fly one Boeing 747-400 on its behalf on a full-time basis. World Airways will operate the 747-400 on Asiana's routes from its Incheon International Airport hub to the U.S. West Coast. It's an agreement World Airways Chief Commercial Officer Brian Bauer endorses wholeheartedly. "World Airways welcomes the opportunity to fly for Asiana and build on the close cooperation we have shared for more than 10 years," he said in a statement. "Our Boeing 747-400 freighter fleet is well suited to support Asiana's impressive cargo network growth." **ACW**

JAL's international operations hit hard

International airfreight operations were down considerably for Japan Airlines in July, dropping 56.5 percent, year-over-year. Global cargo volumes for the Asia-Pacific carrier weren't only low in July; total tonnage for the fiscal year ending March 31 also hit rock bottom, plunging 58.4 percent from 2010.

Domestic cargo traffic didn't take as much of a hit as international operations did, however. Year-over-year tonnage only dropped 21.4 percent on domestic routes, with JAL transporting 33,843 tonnes in July.

Freight statistics for JAL's fiscal year 2011 also looked more promising for regional operations. The carrier transported 119,753 tonnes of cargo in this period, a 21.4-percent decrease from fiscal year 2010.

JAL's not alone in its plight. Cargo

volumes for Asia-Pacific carriers were low all around in July, with tonnage falling 3.6 percent from 2010. Officials for the International Air Transport Association, which collected the data, attribute much of this loss to the residual effects of March's tsunami and earthquake in Japan. "General economic gloom" was another factor, an IATA spokesman asserted.

But like in JAL's situation, domestic operations were on the rise. "While the [Asia-Pacific] suffers from a major imbalance with strong outward flows of manufactured goods and weak inbound traffic, the scale of their home-carrier operations allows for better capacity utilization," IATA officials said.

To address this trend, JAL has increased the frequency of six of its domestic routes. Starting October 30, the Japanese carrier will fly from



Haneda to Akita four times a week, up from three. JAL will also operate its Haneda-to-Okayama and Sapporo-to-Hanamaki routes more frequently, among others. On the international side, the carrier announced that it will operate its Narita-to-New Delhi route five times a week, instead of four.

Not all adjustments addressed growth, however. JAL will cut down on the frequency of two of its domestic routes: Haneda-to-Fukuoka and Haneda-to-Kansai. **ACW**

AHMEDABAD
AMSTERDAM
ATLANTA
BARCELONA
BOGOTA
BRATISLAVA
BRUSSELS
BUDAPEST
CHENNAI
CHICAGO
COLOGNE
COPENHAGEN
DELHI
DUBAI
DUBLIN
EAST MIDLANDS
FRANKFURT
HAMBURG
HELSINKI
HONG KONG
HOUSTON
ISTANBUL
KOLKATA
LISBON
LONDON
LOS ANGELES
LYON
MADRID
MANCHESTER
MARSEILLE
MIAMI
MILAN
MUMBAI
MUNICH
NEW YORK
PARIS
PORTO
PRAGUE
PRISTINA
RIO DE JANEIRO
ROME
SAO PAULO
SHANGHAI
SOFIA
STOCKHOLM
STUTTGART
TEL AVIV
TIRANA
TOKYO
VALENCIA
VIENNA
WARSAW
WASHINGTON
ZURICH

*Proud to be celebrating 10 years
in the USA*

Your global GSSA partner...

continuing to develop our network
in the Americas.

www.airlogisticsgroup.com

Air Logistics Group

Atlas Air continues DHL partnership

BAX Global's end-of-the-year exit from North America will increase Atlas Air Worldwide Holdings' business with DHL, according to a BB&T Capital Markets company update written by Kevin Sterling. The two companies recently agreed to a deal in which Atlas will operate five B767 freighters for DHL, with the first being delivered during the first quarter of 2012.

DB Schenker, BAX's parent company, will start outsourcing operations previously undertaken by BAX to DHL next year. DHL can't operate domestically in the U.S., so it will increasingly rely on Atlas for assistance, according to Sterling.

Sterling said he thinks significant growth is in store for Atlas in the coming year. The firm's relatively new military service is expected to net around 16,000 cargo block hours in 2012, and the number of planes the firm operates for the military is expected to grow from one to five next year. All five aircraft in the new DHL deal are expected to be under operation by the third quarter of 2012.

"The [DHL] agreement further supports the company's growth strategy in the high-margin CMI business and enhances its relationship with a long-term customer (and does not require an outlay of capital to acquire the assets)," Sterling wrote.

There are some potential challenges ahead for Atlas, however. Sterling outlines that the general air cargo malaise in worldwide markets, increased government regulations or hiccups in the expected delivery of the company's 747-8Fs could depress expected growth.

"We believe [Atlas] is solidifying its business model for growth even in a tougher environment," Sterling wrote. "Although we expect a compressed peak season for airfreight, management commented that its customers are still flying above minimums, and charter capacity is sold out." **ACW**



Cargolux rejected its first two B747-8F planes at the last minute

Cargolux "rejects" Boeing 747-8F delivery

After months of preparation and two years of delays, Boeing 747-8F launch customer Cargolux renounced delivery of the aircraft three days before the delivery ceremony. Boeing had planned numerous festivities, including hiring a mystery musical guest, to celebrate Cargolux's planned September 19 acquisition of the first freighter; the second 747-8F delivery was scheduled September 21.

It was a party put on hold, however. Citing "unresolved contractual issues," the Luxembourg-based carrier pulled out of the deal after board members expressed concern about the deal. Industry rumblings suggest that that an issue with the 747-8F's engine was to blame. Other reports indicate that officials from Qatar Airways, which took a 35-percent ownership stake of Cargolux in June, disagreed with contractual terms. Either way, Cargolux's self-professed "rejection" of the first two of 13 747-8 freighters it ordered is disheartening for Boeing.

To Boeing Vice President of Marketing Randy Tinseth, it was a defi-

nite, yet surmountable, setback. "While this is disappointing to all of us here at Boeing, we're working with Cargolux to resolve the issues," he wrote in his blog after the cancellation. "They've been an incredible partner going back a long way. Two decades ago, they became the first carrier worldwide to operate the 747-400 freighter. It's only fitting that they became the launch customer of the new 747-8 freighter."

Cargolux executives seem to be singing a different tune. In addition to suspending all financing, Cargolux officials ordered company representatives stationed in Everett to leave Boeing's premises. They also haven't ruled out seeking other options.

"In the event that the issues cannot be resolved in a timely manner, Cargolux will source alternative capacity to fully meet customer demand and expectations ahead of the traditional high season," a Cargolux spokesman said.

Whether Cargolux and Boeing reach a deal or nix their partnership altogether, Boeing has other concerns surrounding the freighter. Specifically,

will other carriers with 747-8Fs on order follow Cargolux's lead or go ahead with scheduled deliveries? At press-time, it's unclear what customers, such as Japan's All Nippon Airways and Atlas Air Worldwide, will do. An Atlas Air spokesman refused to comment on any speculation regarding the 12 747-8s his company ordered, a purchase valued at \$3.4 billion.

Either way, getting the freighter to market has been fraught with adversity. The 747-8F was initially scheduled for delivery in 2009, with Boeing forced to compensate customers for the production delays. Accommodating the 250-foot-long, wide-body aircraft has also been no small task.

Prior to its scheduled arrival, the U.S. Federal Aviation Administration had to certify airports to house it. Huntsville International Airport, Chicago O'Hare International Airport, John F. Kennedy International Airport, Hartsfield-Jackson Atlanta International Airport and Miami International Airport are among the airports that have been given the green light to accommodate the 747-8F thus far, a FAA spokesman said.

What's more, the FAA and the European Aviation Safety Agency had to ensure the aircraft upheld international standards before clearing it for flight. On August 19, Boeing got its much-awaited wish: Both the FAA and EASA awarded Boeing an

Amended Type Certificate (ATC) for this aircraft, with the FAA granting the aircraft manufacturer an Amended Production Certificate (APC) as well. Although the ATC and APC are equally important certifications, the former acknowledges that the aircraft complies with design regulations while the latter confirms that Boeing can replicate 747-8s that meet production mandates.

The International Civil Aviation Organization also played a part in readying the freighter for its intended September 19th launch date. Ruling that the 747-8F can fly at the same

“In the event that the issues cannot be resolved in a timely manner, Cargolux will source alternative capacity to fully meet customer demand and expectations ahead of the traditional high season.”

— Cargolux

distances as its predecessor, the 747-400, ICAO came to this decision after numerous wake vortex experts pored over flight test and simulation data. The team of experts, which encompassed personnel from Boeing, the FAA, the European Organization for the Safety of Air Navigation and the EASA, examined how the 747-8F departed, ascended to cruising altitudes and landed relative to other aircraft.

And the freighter has certainly had plenty of flight experience. Since its maiden voyage on Feb. 8, 2010, the 747-8F has logged more than 3,400 hours and has been flown more than 1,200 times.

Boeing utilized a fleet of five aircraft to perform each flight test, enabling the aircraft manufacturer to collect data necessary for fulfilling the FAA's more than 1,700 certification requirements.

Boeing President and CEO Jim Albaugh said attaining these certifications was a group effort.

“Over the last several years, this team has overcome challenge after challenge,” he said in a statement. “Through their hard work and dedication, they have ensured that the 747, the queen of the skies, will fly for decades to come.”

Suffice it to say that Boeing officials hope the latest snafu with Cargolux is only a temporary blip in the aircraft's history. **ACW**

AA Cargo grows into cold-chain possibilities

American Airlines Cargo has introduced a new ambient temperature controlled, cold-chain service targeted at pharmaceutical companies. This extension of AA Cargo's temperature-controlled service, dubbed ExpediteTC Passive, will be used in conjunction with the firm's ExpediteTC Active program. The new offering allows companies to package goods in their own material instead of using the ULD-based Active service.

According to Joe Reedy, vice presi-

dent of sales and marketing for AA Cargo, the reaction from customers has surpassed his wildest expectations. The carrier rolled out the service across its entire network on September 1, and Reedy said he's seen positive results from Latin America, Asia, Europe and the U.S.

“The scope of the market is actually much bigger for the passive solution than it is for the active solution. We're expecting a really nice pickup in our temperature-controlled (TC) sales ac-

tivity,” Reedy said. “We're expecting really substantial growth.”

Benefits of the new program include a high-visibility supply chain, storage in new, temperature-controlled rooms at AA's facilities and new training for employees. According to a company press release, the Passive offering “augments American's current service, ExpediteTC Active, which utilizes dry ice and battery-powered containers to actively regulate temperature levels, regard-

less of ambient conditions.”

To bring Passive capabilities to the AA network, facilities have been expanded or renovated in Dallas, Chicago, Miami and JFK in New York, Reedy said. “It’s a pretty big investment, but my next expectation is that we roll out even more of these rooms,” he said. “We started with our largest hubs and the places we ex-

The place was always perfect. Now the facilities are, too.

With Budapest having a catchment area of 20 countries and rapidly growing industries in the area, there is simply no better place to do cargo business than at BUD Cargo City.

Add to that our all-new facilities, virtually unlimited space for expansion and our professional team, you might just wonder if this is what you have been waiting for.

Be surprised what BUD Cargo City can do for you.

Contact us at: christa.soltau@bud.hu



pected some of the greatest demand.”

Tom Grubb, who spent the previous three years helping develop these temperature-controlled solutions, has been promoted to the new position of manager, cool chain strategy, in order to oversee AA’s further cold-chain expansion.

“I have a very integral knowledge of how [the Passive program] is going to go, and it will allow me to evaluate what we offer and enhance what we offer to give our customers exactly what they need,” Grubb said. “The growth of this segment has been tre-

mendous in the last several years. It’s going to be very interesting to see how shippers and forwarders decide they want to use this type of service.”

One expansion that’s already planned is an evolution of the Active, ULD-based service. The carrier currently limits its offerings to Enviro-tainer, but is now testing and certifying other packaging options.

“We will continue to expand our TC offering,” Reedy said. “It’s very much of a growing industry and one we plan to be part of from here going forward.” **ACW**

Atlanta Hartsfield-Jackson experiences cargo spike

Airfreight operations at Hartsfield-Jackson Atlanta International Airport have grown tremendously in the past year, with the number of weekly cargo flights surging 40 percent since 2010.

Since the beginning of 2011, Hartsfield-Jackson freight carriers have added 24 flights per month, an airport spokesman revealed. To Atlanta airport’s Al Snedeker, this growth is testament to a variety of factors — namely, the airport’s promotion of cargo operations.

“Hartsfield-Jackson has one of the lowest landing fees among major U.S. airports,” he said. “There are no curfew restrictions, so carriers can operate here 24 hours a day.” The fact that Atlanta has a strong freight-forwarder community also helps, Snedeker pointed out.

Hartsfield-Jackson’s general manager, Louis Miller, concurred. Attributing Atlanta airport’s success to its favorable location, Miller said that Hartsfield-Jackson is only a day’s worth of trucking away from 80 percent of U.S. businesses. “This is a tremendous advantage for businesses looking to distribute products quickly, efficiently and inexpensively,” he said in a statement.

Some of the carriers looking to benefit from this proximity include

Asiana Airlines and China Cargo Airlines. Asiana Airlines, for instance, recently upped its number of weekly cargo flights between Atlanta and Seoul from four to seven. China Cargo Airlines increased its frequency at a similar rate, transitioning from three weekly flights to six.

Singapore Airlines and Cargolux also boosted their frequency to Atlanta this year, now offering four and five freight flights per week, respectively. It’s increases such as these that Snedeker cites as key to Hartsfield-Jackson’s cargo growth.

Not that Hartsfield-Jackson isn’t eyeing expansion, however. “We are always working to increase capacity around the world,” Snedeker said. “However, in particular, we would like to develop capacity to the Middle East and Africa.”

Hartsfield-Jackson is also preparing to house Boeing’s 747-8 freighters. Fortunately, Snedeker said, all the upgrades necessary for accommodating this wide-body airliner are already complete. Now, the waiting game begins, with Hartsfield-Jackson anticipating welcoming the first 747-8 within the next six months.

Hartsfield-Jackson moved 328,930 tonnes of freight in the first six months of 2011, a 2-percent, year-over-year, surge. **ACW**

MUC: JUST IN TIME

Speed: Our top priority

Logistics: Exact and reliable, just in time

Service: Comprehensive, customer-oriented and flexible

Capacity: More than ever, with a new cargo terminal

Distribution: Best European connections

Munich is one of Europe's premium cargo airports and also one of the fastest thanks to its state-of-the-art infrastructure. Directly connected to the highway system, Munich Airport takes your cargo to Europe in no time. Our runways are designed for maximum efficiency. Making your cargo go places. Munich Airport – Best of Europe.

www.munich-airport.com

M Munich
Airport

Service nonstop

Public valuations on the rise



Aviation companies have seen rising revenues during the first and second quarter of 2011, but this monetary boost hasn't increased multiples or private-deal activity. Although the total enterprise value (TEV) (or the market value sum of debt and equity) reached a new high in the first quarter of 2011, the EBITDA multiples (TEV/earnings before interest, taxes, depreciation and amortization) have reached new lows so far this year.

Higher interest rates, rising unemployment and ballooning fuel costs, mixed with potential changes in the tax code at the end of 2012 and the likelihood of future inflation, have depressed earnings expectations; discount rates have been increased, and multiples are down. With multiples at their lowest level in the past six years, and private merger and acquisition activity relatively low, issues remain. Will these numbers stay depressed, or will they start to recover? If so, for whom?

Capital Alliance has analyzed data from public transportation and logistics companies and individual deal transactions reported by CAP IQ.

There were approximately 27 public aviation companies in the data. The companies included the six major carriers with more than \$10 billion a year in revenues; 13 regional companies; and eight cargo-and-specialized companies, two of which were FedEx and UPS. An additional 150 aviation-related mergers and acquisitions during the past several years were reviewed as well.

This exploration found that public valuations should increase for all segments, perhaps substantially, as they revert to mean levels after having been driven down due to numerous uncertainties and risks. The largest opportunity appears to be in companies in the regional and cargo-and-specialty categories.

Perhaps the most attractive opportunities are in the private-specialty companies. Whether acquired by public or private companies, private transactions offer real promise. True, they

just may take a little longer to identify and close, but they still should be worth the effort for all parties.

Past trends and performance

The U.S. recession dealt a huge blow to airlines. Fortunately, these carriers are starting to rebound financially. In fact, revenues rose steadily through 2008, declined in 2009, and resumed their upward trend, reaching new highs in the first half of 2011.

EBITDA started falling earlier than revenues. It dropped precipitously in 2008 and remained there through most of 2009 before rebounding to its current high. TEV started its descent the earliest; it hit its lowest level during the first quarter of 2009, then climbed to a new high in the first quarter of 2011, only to decline slightly in the second quarter.

Despite all of the record-high financial measures, valuations have declined. Two common measures of



Michael Galardi

value include the price-to-earnings ratio, which measures the value of equity, and the EBITDA multiple, which assesses the total value of the firm. The price-to-earnings ratio rallied from its bottom early in 2009 to a new high in the third quarter of 2010, then declined rapidly. EBITDA multiples also rallied off their 2008 second-quarter low, stalled in 2009, then declined. At the end of the second quarter of this year, they reached a multiplier of 5.2 times, a new low.

A review of aviation-related mergers and acquisitions confirms the lack of industry excitement. More than nine deals per quarter were closed between 2006 and the middle of 2008; this dropped to five deals per quarter through year-end 2010. In 2011, four deals were completed

in each of the first two quarters. In addition, while financial buyers closed 25 percent of the deals in the past, they only completed 12 percent this year.

Outlook

There are hundreds of smaller and mid-sized specialty companies with strong market positions and excellent finances. Niche markets — cargo handling, flight training and maintenance services — offer substantial opportunities for future growth, industry consolidation, cost economies and EBITDA expansion. Those with above-average growth prospects will be more highly valued than the average competitor. Transaction volumes should pick up over the next year.

Valuations are determined by expected future cash flows adjusted for risk. Looking at the industry, it is difficult to see how the major and regional airlines will significantly change their past patterns. As such, their valuations will likely stay within historic ranges.

A few regional players will offer significant future growth and returns, faring better than average. The cargo segment offers above-average growth — particularly internationally — and much stronger balance sheets. Expect to see some of these cargo companies do very well over time. **ACW**

— *Michael S. Galardi is a senior vice president of Dallas-based Capital Alliance*

THE BOTTOM LINE

...we protect yours

SAVE MONEY	LIGHT
ELIMINATE DAMAGE	SAVE FUEL
SLASH CO ₂	PREVENT INJURIES
ISPM-15 COMPLIANT	INSULATES

AIRDEX Airpallet™

...world's lightest pallets™

Phone 702.270.6004 • Sales@AIRDEX.com • www.AIRDEX.com

The battle over clean European skies

In early July, attorneys representing the interests of three U.S. carriers and the U.S. Air Transport Association flew to England to appear before the European Court of Justice. This wasn't a house call; the attorneys were there to tell the judges that the EU's emissions trading scheme — a cap-and-trade policy originally introduced in 2001 that will be applied to the aviation industry starting in January — is illegal when applied to airlines.

On Jan. 1, 2005, the ETS came into effect in Europe, providing guidelines for the emissions of factories and other land-based facilities. The European Commission decided three years later to apply their new rules to the aviation industry and set the 2012 start

“ It is astonishing that a U.S. airline must acquire an EU license to cover its emissions at a U.S. airport or in U.S. airspace, but that is precisely what the ETS requires. This is incompatible with the exclusive jurisdiction of the United States to regulate such emissions.”

**— Derrick Wyatt,
representing three U.S. carriers and the ATA**

date. Carriers that fly into or out of Europe next year will have to keep track of their emissions and buy carbon allowances if the flight's carbon footprint exceeds a pre-determined limit. Airline officials must keep track

of emissions on the entire leg routing into or out of Europe.

Attorney Derrick Wyatt laid out a scenario for the European judges. Suppose, he told them, that a plane takes off from San Francisco on its

“WE ARE ABSOLUTELY DELIGHTED WITH THIS AIRPLANE.”

—Ram Menen, Divisional Sr. VP Cargo, Emirates

“FIVE-STAR ECONOMICS AND OPERATIONAL FLEXIBILITY...”

—Akbar Al Baker, CEO, Qatar Airways

**“THE 777F’S EXCELLENT ECONOMICS,
WORLD-CLASS DISPATCH RELIABILITY
AND LONG-RANGE CAPABILITIES HAVE MADE IT AN
EXCELLENT ADDITION TO THE FEDEX FLEET.”**

—Michael L. Ducker, Executive Vice President and Chief Operating Officer, FedEx Express



WE COULDN'T SAY IT BETTER OURSELVES.



www.boeing.com/commercial/777family

Abbreviated text of HR 2594

This bill was introduced by members of the House Transportation and Infrastructure Committee in July.

To prohibit operators of civil aircraft of the United States from participating in the European Union's emissions trading scheme.

FINDINGS

1. The European Union has unilaterally imposed an emissions trading scheme on non-European Union aircraft flying to and from, as well as within, Europe.
2. United States airlines and other United States aircraft operators will be required under the ETS to pay for European Union emissions allowances for aircraft operations within the United States, over other non-European Union countries, and in international airspace for flights serving the European Union.
3. The European Union's extraterritorial action is inconsistent with long-established international law and practice, including the Chicago Convention of 1944 and the Air Transport Agreement between the United States and the European Union and its member states, and directly infringes on the sovereignty of the United States.
4. The European Union's action undermines ongoing efforts at the International Civil Aviation Organization to develop a unified, worldwide approach to reducing aircraft greenhouse gas emissions and has generated unnecessary friction within the international civil aviation community as it endeavors to reduce such emissions.
5. The European Union and its member states should instead work with other contracting states of the International Civil Aviation Organization to develop such an approach.
6. There is no assurance that ETS revenues will be used for aviation environmental purposes by the European Union member states that will collect them.
7. The United States government expressed these and other serious objections relating to the ETS to representatives of the European Union and its member states during June 2011, but has not received satisfactory answers to those objections.

PROHIBITION ON PARTICIPATION

The secretary of transportation shall prohibit an operator of a civil aircraft of the United States from participating in any emissions trading scheme unilaterally established by the European Union.

NEGOTIATIONS

The secretary of transportation, the administrator of the Federal Aviation Administration, and other appropriate officials of the United States government shall use their authority to conduct international negotiations and take other actions necessary to ensure that operators of civil aircraft of the United States are held harmless from any emissions trading scheme unilaterally established by the European Union.

way to London Heathrow. Emissions for the trip would occur in U.S. airspace (about 29 percent of the entire trip, he estimated), Canadian airspace (37 percent) and international airspace over the ocean (25 percent). He calculated that only 9 percent of emissions would occur in EU airspace, but the carrier would have to pay the EU for emissions from the entire flight.

"It is astonishing that a U.S. airline must acquire an EU license to cover its emissions at a U.S. airport or in U.S. airspace, but that is precisely what the ETS requires," he concluded in oral arguments before the court. "This is incompatible with the exclusive jurisdiction of the United States to regulate such emissions." Therefore, it's illegal.

A preliminary ruling on the case is due this month. A full decision isn't expected until next year, but foreign carriers should have a pretty good idea of the result soon.

NEW RULES

To ease the airlines into this change in environmental guidelines, the European Commission has decided to give carriers a break next year. According to a report by Thomson Reuters Point Carbon and RDC Aviation, scheduled carriers will get anywhere from 20 percent to 100 percent all of the allowances they'd need to offset their 2012 carbon footprint as a gift from the European government. The firm found that the EU carriers will get an average of 61 percent of their needed allowances, with Lufthansa and other long-haul carriers getting an average of 81 percent of their needed allowances. The largest Asian carriers, the firm predicts, will receive an average of 63 percent of their needed allowances. The most notable U.S. carriers will receive an average of 64 percent.

"The biggest unknown now is the treatment of dedicated freight carriers — UPS, DHL and so on," says the firm's Andreas Arvanitakis. "The specific data needed does not exist for them, and the leasing and other commercial arrangements muddy the waters further still, but we estimate their free allocation to be on average 52 percent of what they need in 2012."

The official government carbon calculations were to be published at the end of last month, and the firm expects the commission to issue 176 million free carbon allowances in 2012, a gift worth about €2.1 billion at the current carbon price of €12. Even with this head start, the firm projects that airlines will buy an additional 88 million allowances



next year. In 2013, the costs to airlines will certainly rise.

“From 2012, airlines in the scheme will have to surrender one allowance for every tonne of CO2 they emit,” the firm found. “With this baseline, they have to buy about a third of what they will need at market prices.” Offsets built into the Kyoto Protocol — the Clean Development Mechanism and Emission Reduction Units, for example — could help reduce the cost to airlines.

WATCHING AND WAITING

This emissions plan, however forward thinking and environmentally friendly, has enraged the industry. Harsh denunciations have come from all corners of the globe. The U.S. case is being watched carefully by carriers around the world, even as officials prepare the necessary documentation to begin participation in the EU’s new policy.

“The points made by the U.S. carriers are fairly generic in nature, and it seems clear that if the court does find in favor of any of those points, they would probably apply equally to other foreign carriers,” says Andrew Herdman, president of the Association of Asian Pacific Airlines. “We view that very much as a test case, one that we will be watching carefully.”

The AAPA’s close watch over everything regarding the EU ETS isn’t



anything new. Herdman and his colleagues have been in contact with the EU, both while the aviation rule was being debated and since it has been passed into law.

“Our objections to the scheme are essentially that in applying it to all foreign carriers for the entire length of the journey for both in-bound and out-bound services, the European Union is overreaching its authority,” Herdman says. “We’ve been putting forward those views through a variety of channels.”

The AAPA isn’t the only foreign organization taking issue with the EU ETS. In a letter sent last month to Connie Hedegaard, the European commissioner for climate action, representatives from The International Air Cargo Association expressed their displeasure with the plan.

Calling the scheme illegal, officials wrote that the ETS violates international law and “encroaches upon the sovereign authority of each state over its own airspace.” TIACA executives also argued that the ETS is a catch-22: Instead of improving the environment, the scheme will actually prevent the aviation industry from investing in sustainable technologies.

To add another layer of dissent, the U.S. House of Representatives has introduced a bill that aims to

“prohibit operators of civil aircraft of the United States from participating in the European Union’s emissions trading scheme.” (See full text

Home is where the hub is.

DHL, UPS, TNT, Royal Mail, all call EMA their home and their hub.

With 90% of England & Wales within 4 hours truck drive time, EMA is the UK’s ideal consolidation and distribution gateway. So make yourself at home at the UK’s key cargo hub... East Midlands Airport.

Find out just how freight-friendly EMA is by contacting:

+44 (0) 1332 852 894

cargo@eastmidlandsairport.com

emacargo.co.uk



east midlands airport
Nottingham • Leicester • Derby



Now open for business.

The new Airbus A330-200F is the freighter your aircargo business needs. Based on the continuously improved and updated Airbus A330, the A330-200F has profitability, reliability, versatility and eco-efficiency designed-in. With a payload of 70 tonnes and a range of up to 4,000 nautical miles, it can redraw your bottom line. You'll see 15% Cash Operating Cost savings per tonne of revenue payload over the 767-300ERF. And with the lowest noise levels and CO₂ emissions on the market today, you'll have an assured platform for growth. **The A330-200F. The right aircraft, right now.**

airbus.com





AIRBUS

AN EADS COMPANY

on page 26.) The International Air Transport Association and other organizations have released statements commending the U.S. proceedings.

LACK OF ACTION

According to an EU spokesman for climate action, including aviation in the union’s emissions trading scheme is a direct reaction to the International Civil Aviation Organization’s lack of environmental progress. Issac Valero-Ladron says that after 15 years of seeing little movement toward a climate change directive, the EU voted to act on its own.

The aviation directive started gathering steam in 2009. While some aviation officials have suggested that the ETS can still be amended, Valero-Ladron says it’s basically set in stone.

“This is not a proposal; this [is] adopted legislation,” he wrote in a document outlining the inclusion of aviation into the EU’s ETS. “We do not intend to back down or modify our legislation.”

As for the revenues generated from the scheme, EU spokesmen say it will be given over to European and third-world countries for research into environmental aviation technologies.

“The EU member states will be reporting to the European Commission on how revenues have been spent,” Valero-Ladron said. “Our intention is that these reports will be made public.”

Those revenues, according to the letter sent by TIACA, could be quite significant. Officials estimated that the cost of purchasing carbon allowances will surge by \$2.2 billion by 2020, rising from \$1.3 billion in 2012 to \$3.5 billion.

CONSEQUENCES LOOM

Representatives from the National Airlines Council of Canada and IATA filed written observations in the U.S. carriers’ court case. In the document, officials detail what impact the new law will have on the aviation industry.



The cost of compliance seems to be a big sticking point, with money going to the EU instead of being devoted to new, environmentally conscious technology.

“The costs imposed, moreover, could actually lead to an increase in aviation emissions. By diverting revenues from the airlines, the EU ETS will, if anything, actually slow down the replenishment of their fleets with more fuel-efficient and GHG-friendly airplanes,” attorneys representing IATA and the NACC wrote.

In an added wrinkle, the attorneys brought up a few unintended consequences of the law. They wrote that carriers may simply choose to fly their most fuel-efficient planes into the EU, reserving older members of their fleet for other routes. Instead of solving the carbon-emission issue, this just pushes it off on other countries.

Finally, the attorneys believe, carriers will simply change their routes in order to be less vulnerable to the environmental changes. The ETS only applies to the last leg of the flight coming into the EU or the first leg leaving Europe, so carriers could simply add another stop to their flights.

“Because airlines will only have to purchase allowances for those flights using EU airports, long flights to Europe will more frequently be routed

through Middle Eastern and other nearby, non-EU hubs,” the attorneys wrote. “The EU ETS, then, actually creates perverse incentives for inefficiencies that could increase overall GHGs.”

AAPA’s Herdman agrees that there will be a few unforeseen consequences to the EU ETS. The new law could impact trade with Europe or could affect Toulouse, France-based Airbus’ business. Of course, the threats of individual carriers could be so much bellyaching, but then again, these words might have a real impact on the health of Europe moving forward.

“A number of countries have indicated that they view this as a trade dispute,” he says. “That leads to retaliatory measures that may be related to the same industry, or they might be totally unrelated, but simply targeting interests from whatever state is in the crosshairs.”

Herdman concludes that if the EU ETS is enforced as it currently stands on the books, the aviation industry will owe the EU a lot of money.

“It’s pretty clear that the total number of emissions will still grow for aviation even if other sectors are able to shift to non-carbon-based fuels and thereby ease their emissions,” Herdman says. “As a sector, we’re likely to be net buyers of certificates.” **ACW**

The **one** you rely on to the Caspian, Iraq and Afghanistan



Scheduled all-cargo services to Tbilisi, Baku, Yerevan & western Kazakhstan plus to all major airports and bases in Iraq and Afghanistan on **one** air waybill from anywhere in the world.

coyne
airways

USA t: (800) 950 6632
e: USASales@coyneair.com

Gulf t: +971 4299 3922
e: gulf@coyneair.com

Caspian t: +44 (0) 207 605 6860
e: caspian@coyneair.com

www.coyneair.com

Economic troubles depress European airfreight

It is one of the ironies of the European currency union that if the European Union had applied its own rules about national economic debt back in 1999, Germany, one of the economic stabilizers in the current climate, would not have made the cut. The countries that went on to power the European economy initially lagged behind; it was the peripheral nations that roared ahead, throwing vast sums into building housing developments, business parks and roads.

As the world subsequently learned, these were roads to nowhere. The global financial crisis exposed massive holes in the public finances of the so-called "PIIGS" economies. Portugal, Ireland, Italy, Greece and Spain have terminated their lavish public expenditure programs, and consumers have slashed their personal spending. Jobless numbers mount. Further large-scale bailouts may soon be required.

Politicians are talking about the crisis, but are not dealing with it, believes Nikolas Dombrowski, Geodis Wilson's Hamburg-based airfreight director.

EU auditors have worked to save the sinking economy by imposing unpopular reforms, but are losing patience with Greece for its failure to follow conditions laid down as part of its financial bailout last year. Dombrowski argues, however, that officials lack the tools to enforce sanc-

tions on profligate member states.

"It's difficult to encourage them to change their behavior. Sooner or later, Greece will default. The question is: Who is next? Could Portugal or Italy follow?" he asks. "We in Germany — and to a certain extent, the French — have got to fund the euro now, but we're getting the most out of the common currency. More than 60 percent of Germany's entire export volume goes to the EU, so we have to keep the door open to those markets."

According to the financial analysis firm Markit, manufacturing activity in August across the members of the Eurozone shrank for the first

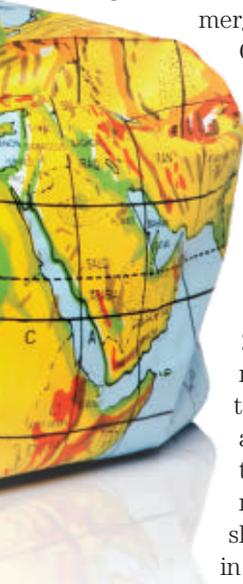
time in two years. Translated into freight volumes, the International Transport Forum found a significant second-quarter slowdown.

Air trade volumes in the EU's member states, which had grown in February to 15 percent above 2008, pre-recession levels, shrank back to just 9 percent above pre-crisis levels in June. The ITF also reports that trade by air between China and the EU is decreasing, with only India countering the downward trend.

Ireland

Even historically successful Eurozone trading nations, such as Ireland,





will have a hard time exporting their way out of trouble. Analysts believe the government will soon divest its remaining 25-percent stake in part-privatized Aer Lingus as part of a €5 billion sell-off of state assets.

The government has kept its stake predominantly to protect Aer Lingus from a hostile takeover by its Irish rival Ryanair, which owns almost 30 percent of the carrier. It is now thought that Ryanair would be unable to take majority ownership on monopoly grounds even if it wanted to, given that the EU blocked a proposed merger between Aegean and Olympic earlier this year.

After receiving an €85 billion bailout package from the International Monetary Fund and the EU in 2010, Ireland's economy grew by 1.3 percent in the first quarter of 2011, prompting foreign minister Eamonn Gilmore to describe the stimulus as "the recovery story of the Eurozone." Yet Irish manufacturing activity shrank for the third month in succession in August and economists predict that the country's main UK, U.S.

and European export markets could continue to slow into the second half of 2012.

After a "fantastic" first quarter, Ireland's leading GSA, International

EU member states with the highest government-debt ratio, 2010	
Greece	142.8%
Italy	119%
Belgium	96.8%
Ireland	96.2%
Portugal	93%

Source: Eurostat

Airline Marketing, saw a significant drop off in June and July. "But we're still 6-percent ahead year on year, after growth of 4 to 5 percent in 2010," says managing director Ian McCool.

Airfreight forwarders adjusted rapidly to the impact of IBM and Dell withdrawing from production in Ireland 18 months ago, McCool says. There have been substantial new export flows, with shipments of pharma-

verted to a more traditional business model and are buying from third-party suppliers who feed the market by road and sea from Europe.

"Take away the debt, and we could export our way out of this," Sadlier says. "Ireland has the same management, ingenuity and drive that it had before. If the debt crisis is resolved, we can flip over faster than Europe's other troubled economies."



Geodis Wilson has seen shrinking airfreight volumes out of southern Europe

ceuticals and medical devices running particularly strongly to the U.S.

Belly-hold capacity direct out of Ireland on passenger services is sufficient to meet forwarders' needs, according to David Sadlier, business development and solutions director for Kuehne + Nagel in Ireland. Freighter services have diminished in response to the shrinkage in computer hardware manufacturing, but shipments only have to be trucked to hubs in London or Paris to pick up an all-cargo flight if they are hazardous or bulky.

K+N has targeted pharmaceutical multinationals in the last five years and continues to pick up high-tech export traffic despite the high-profile plant closures, Sadlier says. However, the retail sector that fuels imports is weak. Instead of sourcing directly from Asia, many retailers have re-

One solution being proposed to stem the crisis is to create deflation in the Eurozone by establishing two parallel currencies. If this doesn't happen, Sadlier foresees the euro breaking up and Europe reverting to national currencies; this would be "a total disaster," according to Lefteris Kaltsas, president and managing director of Greek Air Cargo, one of the largest Greek-owned airfreight forwarders.

Greece

Shippers in Greece airfreight small quantities of garments and shoes to the U.S. and other markets, and Kaltsas says local factories producing food and electronic goods have turned to manufacturing for export, as local demand has slumped. Some companies have relocated altogether to take advantage of lower taxes and cheaper labor in neighboring coun-

tries. Most of their production no longer flies directly from Greece, where the options have become more limited. Aside from the integrators, the only scheduled freighter flying into Athens, for example, is a weekly Lufthansa Airbus A300.

Air exports from northern Greece are trucked to Budapest or Vienna, which have attracted Macedonian and Bulgarian traffic away from Athens, thanks to the countries' competitive pricing and greater range of destinations, Kaltsas says. While all the region's hubs have lost volume, those carriers still serving Athens face higher handling costs.

To unify the market, GAC has a daily road feeder service linking Athens with Thessaloniki in the north of the country. Kaltsas is looking to develop an international service on the back of this in early 2012, consolidating shipments from Macedonia, Bul-

garia and, eventually, Romania.

Alexios Sioris, cargo development manager at Athens International Airport, says cargo tonnage has underperformed even his conservative expectations, falling 11 percent in the first six months of the year.

"It is questionable whether we will reach 90,000 tonnes this year. Only three years ago, traffic peaked at 122,000 tonnes. With origin-and-destination traffic, and especially imports, shrinking significantly, the only thing we can do from an airport perspective is to en-

courage transit traffic and make joint efforts to generate new flows."

The International Monetary Fund has warned that the €110 billion rescue package agreed for Greece in May 2010 will not be enough unless the government clamps down on tax evasion. And Athens, like Dublin, may be forced into a fire sale of state assets.

Athens Airport airfreight tonnage (2011 compared with 2010)

	Inbound	±	Outbound	±	Total	±
Jan	3,433	-12.9%	3,151	-13.3%	6,584	-13.1%
Feb	3,372	-12%	3,361	-1.4%	6,733	-7%
March	3,845	-17.2%	3,784	-13.8%	7,629	-15.6%
April	3,617	-7.7%	3,565	-3%	7,183	-5.4%
May	3,766	-15.6%	3,492	-10.4%	7,258	-13.2%
June	3,970	-11%	3,647	-11.3%	7,616	-11.1%
July	4,320	-0.9%	3,456	-22.5%	7,775	-11.8%
YTD	26,322	-11.1%	24,456	-11.3%	50,777	-11.2%

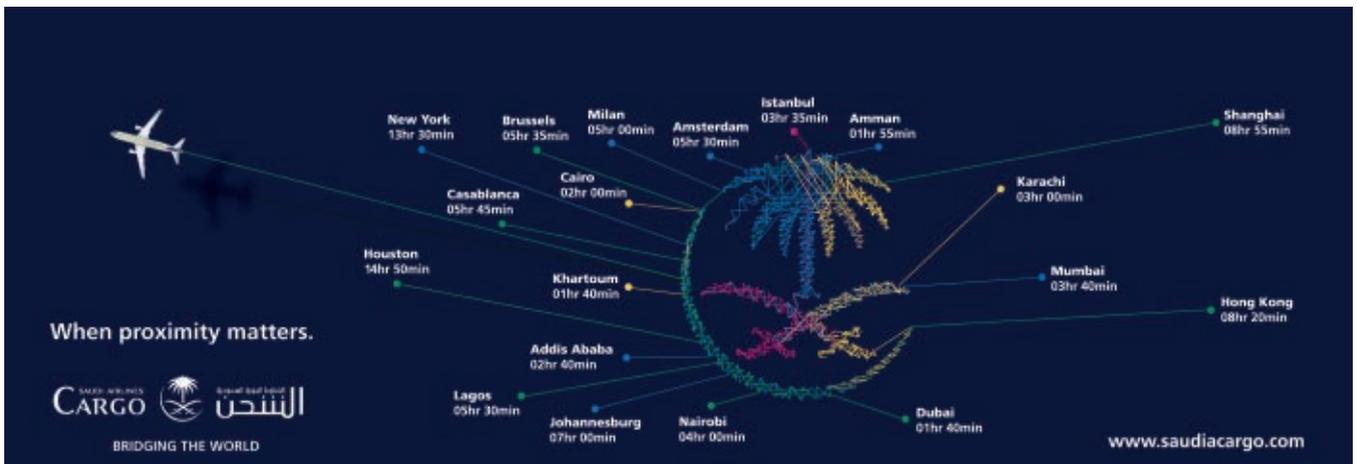
Source: Athens Airport



Loading up cargo at Athens International Airport

Southern Europe

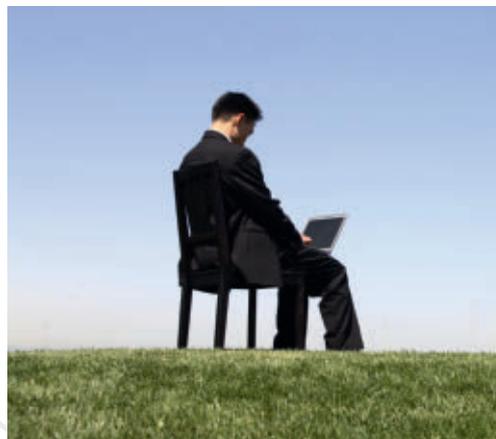
Geodis Wilson's airfreight volumes in southern Europe were down 3 percent in the first six months of this year, says Nikolas Dombrowski. Results for this region, comprising Spain, Italy and France, contrasted with central Europe and the Nordic region, which performed well for Geodis. Central Europe (Germany, the Netherlands, Belgium and the UK) was up 24 percent, confirming the two-speed Europe.



FEELING ALL ALONE IN THE WORLD OF E-FREIGHT?

Wondering why the rest of the world has gone digital, but the cargo industry is still completing old fashioned forms and paperwork? Then join us at SkyTeam Cargo as we embrace IATA's e-Freight initiative. Our specialized e-Freight project team is driving implementation worldwide, with two of our members - Korean Air and Air France-KLM - consistently ranking in the top 10 e-Freight airlines by volume.

Jan Vreeburg, of Air France-KLM, who leads SkyTeam Cargo's e-Freight project team, said: "The air cargo industry must close the gap with other industries, and digitalize its processes. Fully implemented e-Freight will deliver significant efficiencies in the supply chain, sustainability, increased quality, and security and customs compliance". During 2010, SkyTeam Cargo members carried approximately 27% of all global e-Freight shipments. Here's a look at what lies ahead this year and beyond:



Aeroflot currently transports paperless service cargo and is working closely with the Russian authorities to move forward with the e-Freight initiative.

Aeromexico Cargo is assisting Mexican Customs Authorities to implement e-Freight during 2011.

Air France-KLM Cargo transports over 1000 e-Freight shipments per month, targeting specific trade-lanes with a 40% e-Freight adoption rate. KLM will implement 100% e-AWB by the end of the year.

Alitalia Cargo is supporting IATA's efforts to enable e-Freight capability at FCO, Alitalia's main hub, by the end of the year.

China Southern Cargo launched the first-ever e-AWB in the People's Republic of China in 2010 and is currently promoting e-Freight service on more domestic routes and international destinations.

Czech Airlines Cargo successfully carried its first paperless shipment in 2010 and teamed up with DHL Logistics, its first e-Freight partner among forwarders.

Delta Cargo has initiated e-AWB and is part of the e-AWB advisory group. After e-AWB implementation is completed, e-Freight implementation will begin.

Korean Air Cargo successfully achieved 100% e-Freight on all domestic shipments, and utilizes e-AWBs based on EDI agreements. KE transports over 2500 e-Freight shipments per month and holds top ranking of all e-Freight airlines by volume.

We invite you to join us to innovate and improve the sustainability of the cargo industry. To find out more about SkyTeam Cargo and download our e-Freight brochure, visit www.skyteamcargo.com

SkyTeam Cargo, launched in September 2000, includes members Aeroflot, Aeromexico Cargo, Air France-KLM Cargo, Alitalia Cargo, China Southern Cargo, Czech Airlines Cargo, Delta Cargo, and Korean Air Cargo. SkyTeam Cargo has more than 11,500 daily flights connecting to over 150 countries on six continents.



Italy has seen a 9-percent increase in air exports so far this year, led by fashion, leatherware and luxury goods, but with a solid underpinning of auto and motorcycle parts. However, a slowdown in industrial projects in markets such as Turkey and the Middle East has hit Geodis hard; its share of what remains a highly fragmented market has fallen back from 1.6 percent to 1.4 percent.

Lack of local capacity meant that 80 percent of Italian export airfreight was once trucked to airports such

as Frankfurt, Paris and Brussels. The figure is currently less than 45 percent, with carriers such as Korean Air, Singapore Airlines and Emirates now operating freighters directly to Milan. This, and the fact that airfreight rates are lower than in Germany, has helped prevent modal shift. It's feasible for exporters in eastern Europe to truck to Italy instead of using local airports such as Prague, Dombrowski says.

Geodis has also lost airfreight market share in Spain, suffering a

EU member states with the highest government deficits, by percentage of GDP, 2010

Ireland	-32.4%
Greece	-10.5%
UK	-10.4%
Spain	-9.2%
Portugal	-9.1%

Source: Eurostat

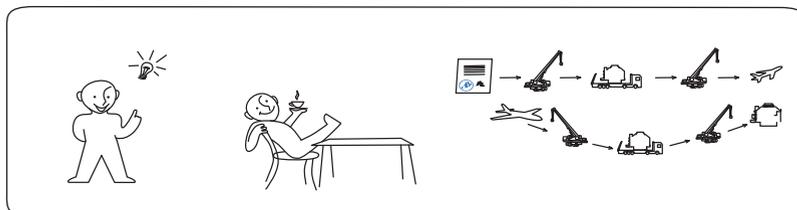
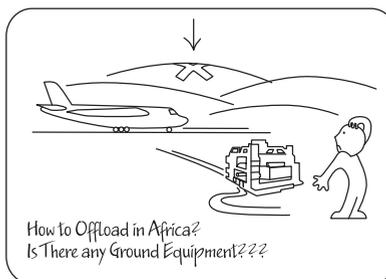
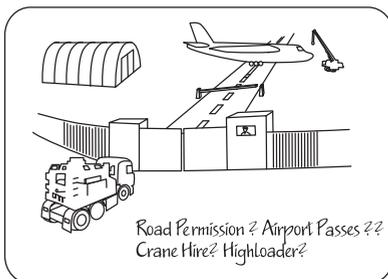
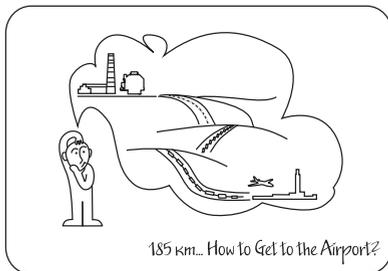
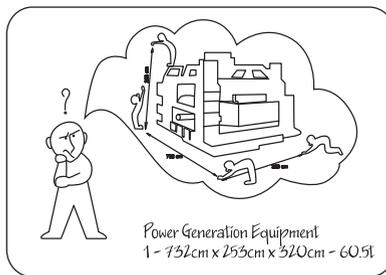
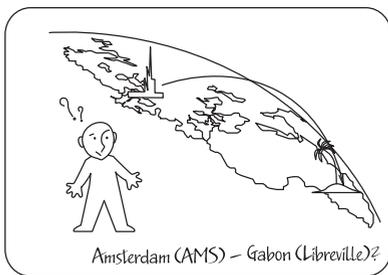
19-percent volume decrease in the first half, while the overall market grew by 9 percent. "We lost some business controlled from Latin America and Asia," Dombrowski says. "Now, we're coming up again, and I'm positive we can end the year level with last year."

Spanish importers with a poor payment record will happily change suppliers in a bid to extend their credit line. Forwarders buying their capacity from airlines on fixed contracts were badly wounded by falling spot rates that would have meant taking a loss of anything from HK\$6 to HK\$9 per kilo, and this forced Geodis to reject textile import traffic.

In happier times, carriers were similarly lured by the prospect of massive fashion imports into Spain and tried operating freighters direct into Zaragoza, Dombrowski says. Some have been forced to withdraw from this superficially attractive market.

Problems look set to continue for the Eurozone if strong economic recovery doesn't happen soon. There is no appetite, or funding mechanism, for bailing out larger economies should they fail.

A full fiscal union of EU states is unacceptable to voters in those countries with stronger balance sheets, but the behavior of the money markets suggests this is inevitable for the euro to survive. If even one Eurozone member defaults or is forced out, then surely the great euro project will go the same way as all history's previous attempts at currency union. **ACW**



Full Range Unique Cargo Logistics Services
+44 1279 661166
www.volga-dnepr.com logistics@volga-dnepr.co.uk



Print less, save more.

Korean Air Cargo goes paperless with e-freight.

As the leading international freight carrier, Korean Air Cargo introduces e-freight to offer healthier environment and better service to our customers. It improves logistics process with precise and real-time data exchange in a paperless environment. E-freight also saves time and cost by eliminating the use of paper documents.

Top 50 Cargo carriers:

Cargo's cream of the crop

It's been a rough 2011. In the past eight months, the world has watched in horror as a magnitude-9.0 earthquake and a subsequent tsunami ravaged Japan in March, a series of tornados devastated the Southern U.S. in April, and the eruption of Iceland's Grímsvötn volcano in May halted air traffic. In an ongoing crisis, residents of the Horn of Africa face mass starvation and famine.

Adding to this bleak picture are the economic instability and political unrest experienced in many parts of the world. It has been so bad, in fact, that many sectors have lost significant profitability and have seen cuts in every corner.

Unfortunately, the airfreight sector is not immune to these hardships. In addition to contending with the flight implications of the aforementioned natural disasters, carriers have lost considerable market share to other modes of transport. In fact, seafreight and trucking have emerged as less-costly options for budget-burdened freight forwarders, although the trade-off in speed is a clear disadvantage.

Despite these concerns, the airfreight sector is still a viable mainstay in the logistics industry, IATA officials

contend. It's a point illustrated in the association's list of the most prolific cargo carriers in 2010, a ranking taken at an equally trying time for the air cargo industry.

FedEx, which took top honors, led the pack in both the international and domestic categories, transporting a combined total of 6.94 million tonnes last year. Trailing FedEx were UPS Airlines and Korean Air, carrying 4.5 million tonnes and 1.8 million tonnes in 2010, respectively. Emirates and Cathay Pacific Airways ranked fourth and fifth among cargo carriers last year, posting respective tonnages of 1.77 million tonnes and 1.57 million tonnes.

IATA representatives point to the strong growth in the Asia-Pacific, Middle East and Latin American sectors as highlights of last year's air cargo climate. This growth speaks volumes about the strength of the airfreight sector amid a challenging global landscape, industry insiders say. It also causes experts to take a closer look at what makes certain carriers stand out from the rest.

Although other attributes are cited, the top five carriers of 2010 share three main goals: reducing fuel consumption, investing in sustainable

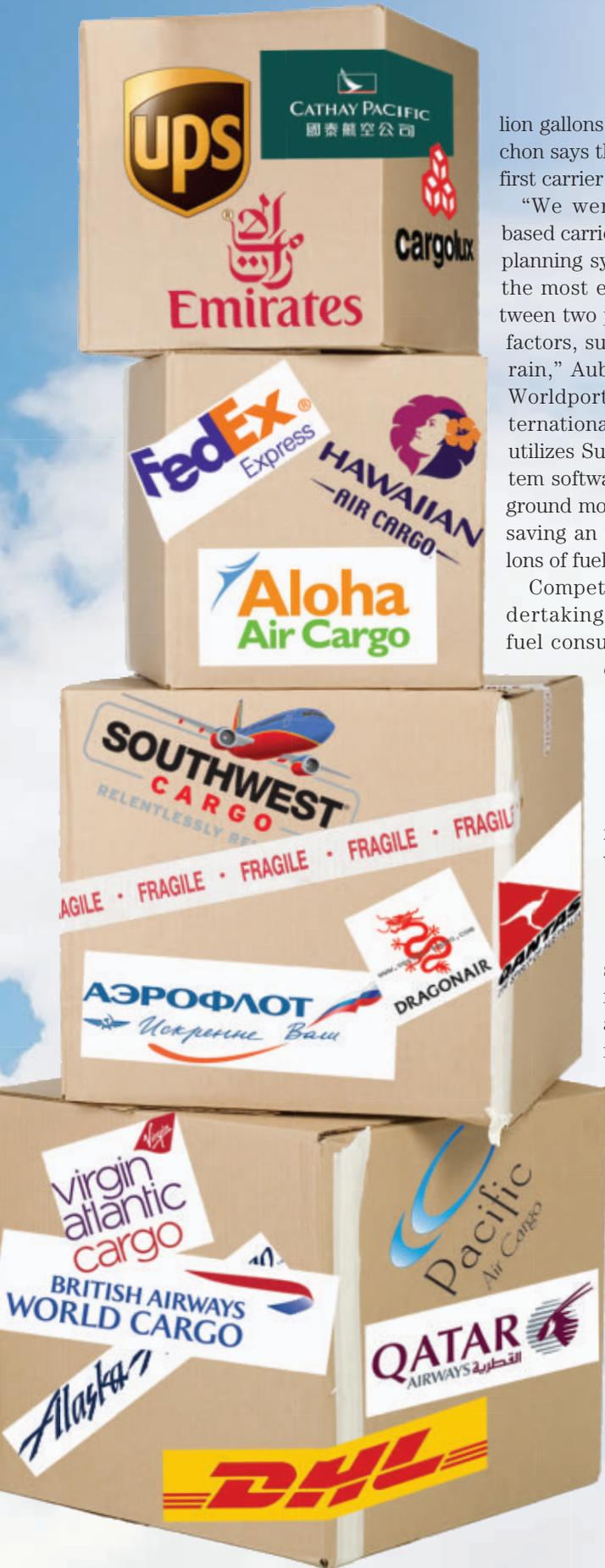
technologies and adhering to ever-changing security regulations.

Lowering consumption

If there's a common refrain among carriers, it's the increasing burden of fuel prices. With the cost of oil exceedingly high, carriers have seen their financial statements take a nosedive. In fact, according to IATA data, airlines spent \$139 billion on fuel last year, a \$14 billion rise from 2009. Fuel also comprised more than one-quarter of carriers' total operating costs in 2010.

Fuel is why carriers are so concerned about maintaining a full payload, UPS Director of International Airfreight Marketing Scott Aubuchon explains. "The primary reason UPS has been able to stay profitable despite rising fuel costs is efficiency and technology," Aubuchon says. "With our access to such a large network of planes and transportation modes, we are not forced to fly half-full cargo planes."

He also cites UPS' investment in Automatic Dependent Surveillance – Broadcast technology on all of its B757 and B767 craft as key to its profitability. Crediting this aircraft-spacing technology with saving 1 mil-



lion gallons of fuel in a year, Aubuchon says that UPS was the world's first carrier to deploy it.

"We were also the first U.S.-based carrier to use the LIDO flight planning system, which calculates the most efficient flight path between two points based on outside factors, such as weather and terrain," Aubuchon says. "And our Worldport hub [at Louisville International Airport in Kentucky] utilizes Surface Management System software, which monitors the ground movements of our aircraft, saving an estimated 400,000 gallons of fuel a year from taxiing."

Competitor FedEx is also undertaking initiatives to reduce fuel consumption. In addition to operating fuel-efficient Boeing 777Fs on its international routes, FedEx has announced plans to procure even more of these aircraft in fiscal year 2012, an investment valued at \$4.2 billion.

FedEx President and CEO Fred Smith says that his company is also scrupulous about ensuring demand meets capacity. "Unlike our competition, the 777s fly nonstop from Asia to the contiguous U.S. with a full payload," he says.

Still, Smith doesn't discount the impact fuel prices have had on carriers' bottom lines. Acknowledging that such costs have impeded airlines' growth, he says that the problem is subsiding as fuel prices continue to fall from their April high.

But if there's anything good that has come from the worldwide focus on fuel prices, experts say, it's the research into alternative, sustainable fuel sources.

Promoting sustainability

To decrease their dependency on oil, officials from many carriers are investing in the development of bio-fuels. But biofuels, which blend jet fuels with algae fuels, promise more than just cost-savings; they also save considerable resources. According to Boeing estimates, such technologies could lower airlines' carbon emissions by a whopping 60 percent to 80 percent. And despite still being in the development and testing stages, IATA is fully championing their usage.

Before handing over the reins to Tony Tyler, IATA Director General Emeritus Giovanni Bisignani spoke out about biofuels, calling for worldwide regulations to propel their deployment. "Governments need to come on board and set a fiscal and legal framework to support growth in the biofuel industry and ensure that aviation will have access to adequate supply," Bisignani said at the time.

Whether his wish is granted in the near future or not, one thing's for certain: Airlines are increasingly concerned with promoting sustainability. It's an objective echoed by the top five cargo carriers on IATA's list.

Ram Menen, divisional senior vice president of cargo at Emirates Airline, says environmental responsibility is part of his corporate culture. "Our focus is becoming an ecologically efficient organization — growing our business to be economically sustainable, while using fewer resources and creating less waste and pollution," he says. "Emirates' commitment to eco-efficiency means multibillion-dollar investments in the most modern, eco-efficient technology available — in aircraft, engines and ground equipment."

No. 5 carrier Cathay Pacific also



“Our ability to overcome challenges is down to two main factors: continuously monitoring and redefining existing facilities and investing in innovative products and services.”

**— Ram Menen,
Emirates**

Security challenges

The initiative now has a proposed deadline: December 31. The U.S. Transportation Security Administration has tasked the global aviation industry with screening all U.S.-bound cargo on passenger aircraft by the end of the year. It's a feat the TSA already accomplished on all freight originating in the U.S. via airline screening and its certified cargo screening program, as mandated in the 9/11 Act of 2007.

Although the TSA's Jim Fotenos has been quick to point out that December 31 is a guideline — not a mandate — this push for tighter security is casting carriers into the spotlight.

Woodrow endorses this initiative wholeheartedly. In fact, he says, “Cathay Pacific stringently applies all the regulations applied by the various government bodies around the world, including the TSA.”

Another carrier with a strong focus on security is Korean Air. Chan Ho Lee, a member of Korean Air's cargo strategy and alliance team, says his employer goes to extreme means to prevent any safety breaches. In addition to complying with industry ordinances, Korean Air regulates itself beyond protocol, Ho Lee says.

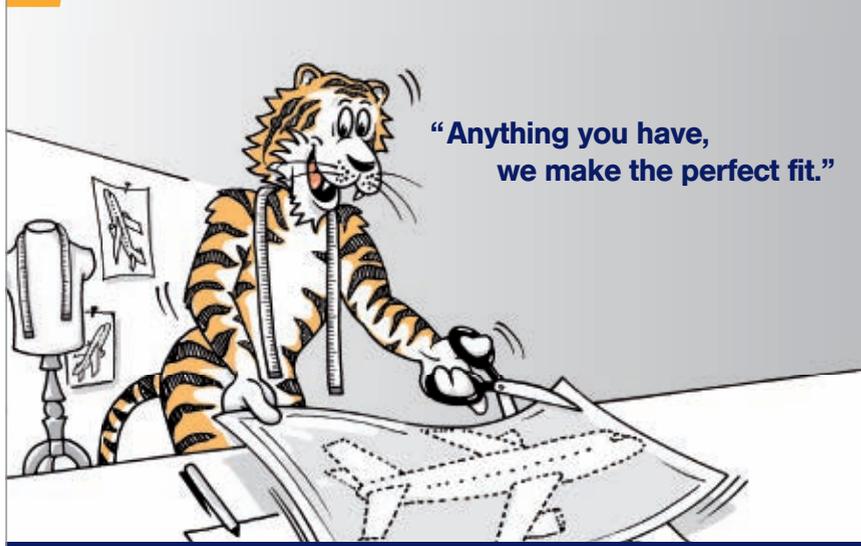
devotes resources to economic sustainability, maintains James Woodrow, general manager of cargo sales and marketing for the airline. Along with placing orders for 97 fuel-efficient planes, including 10 747-8Fs and eight 777-200Fs, Cathay is spearheading initiatives to reduce its carbon footprint, Woodrow says.

One of these endeavors is searching for a sustainable and cost-effective energy source, Woodrow says. It's a push Cathay Pacific “emphasizes in every aspect of our day-to-day opera-

tions,” he says.

FedEx officials aspire to make biofuels 30 percent of the firm's jet fuel use by 2030. Although lofty, it's an initiative backed by some of the biggest names in aviation, Smith maintains. “We are working with the [Federal Aviation Administration], the Department of Energy and the Commercial Aviation Alternative Fuel Initiative to develop certification standards for biofuels,” he says. “We're also collaborating with the U.S. Department of Agriculture and other agencies.”

The Global Charter Broker
Your wish is our passion



www.lhcharter.com

UpLift
Made by Lufthansa Cargo Charter

(continued on page 44)

LABELMASTER® **COMPLIANCE** *publications*



800 • 621 • 5808

labelmaster.com

Top 50 Carriers in 2010

By scheduled freight-tonnes carried

DOMESTIC			INTERNATIONAL			TOTAL		
Rank	Airline*	Tonnage (in thousands)	Rank	Airline*	Tonnage (in thousands)	Rank	Airline*	Tonnage (in thousands)
1	FedEx (1)	4,985	1	FedEx (1)	1,965	1	FedEx (1)	6,949
2	UPS Airlines (2)	2,929	2	Emirates (2)	1,777	2	UPS Airlines (2)	4,509
3	China Southern Airlines (3)	833	3	Korean Air (3)	1,661	3	Korean Air (3)	1,805
4	Air China (4)	625	4	UPS Airlines (4)	1,580	4	Emirates (4)	1,777
5	China Eastern Airlines (5)	527	5	Cathay Pacific Airways (5)	1,579	5	Cathay Pacific Airways (5)	1,579
6	Japan Airlines (6)	437	6	China Airlines (7)	1,347	6	United Airlines (6)	1,555
7	All Nippon Airways (7)	419	7	United Airlines (8)	1,298	7	China Airlines (8)	1,347
8	United Airlines (8)	257	8	Singapore Airlines (6)	1,149	8	Singapore Airlines (7)	1,149
9	Hainan Airlines (9)	250	9	Lufthansa (9)	1,037	9	China Eastern Airlines (11)	1,104
10	Shenzhen Airlines (10)	222	10	EVA Air (15)	850	10	Air China (12)	1,069
11	Sichuan Airlines (13)	170	11	Asiana Airlines (11)	745	11	China Southern Airlines (13)	1,055
12	Xiamen Airlines (14)	155	12	Cargolux (10)	712	12	Lufthansa (10)	1,052
13	Garuda Indonesia (17)	144	13	British Airways (12)	681	13	Japan Airlines (9)	911
14	Korean Air (12)	144	14	LAN Airlines (17)	669	14	All Nippon Airways (14)	895
15	Shanghai Airlines (11)	144	15	Air France (14)	662	15	EVA Air (20)	850
16	Tam Airlines (16)	139	16	Thai Airways (19)	652	16	Asiana Airlines (15)	784
17	Delta Air Lines (19)	131	17	Qatar Airways (20)	645	17	Cargolux (16)	712
18	Qantas Airways (15)	126	18	China Eastern Airlines (21)	578	18	Thai Airways (22)	709
19	Vietnam Airlines (21)	112	19	KLM (18)	480	19	LAN Airlines (21)	694
20	American Airlines (20)	105	20	All Nippon Airways (24)	476	20	British Airways (17)	682
21	Gol Airlines (NA)	90	21	Japan Airlines (16)	473	21	Air France (18)	667
22	Air India (23)	82	22	Malaysia Airlines (22)	469	22	Qatar Airways (24)	645
23	Philippine Airlines (27)	72	23	Air China (25)	445	23	Delta Air Lines (33)	525
24	Jet Airways (25)	71	24	Delta Air Lines (37)	394	24	Malaysia Airlines (25)	507
25	Kingfisher Airlines (26)	65	25	Etihad Airways (23)	380	25	KLM (23)	480
26	Saudi Arabian Airlines (28)	62	26	Nippon Cargo Airlines (27)	373	26	American Airlines (27)	428
27	Thai Airways (29)	57	27	American Airlines (28)	323	27	Etihad Airways (29)	380
28	Air Canada (32)	54	28	Saudi Arabian Airlines (30)	288	28	Qantas Airways (26)	375
29	Continental Airlines (31)	51	29	Turkish Airlines (33)	267	29	Nippon Cargo Airlines (32)	373
30	Alaska Airlines (30)	50	30	TNT Airways (32)	256	30	Saudi Arabian Airlines (31)	351
31	Aeroflot Russian Airlines (35)	42	31	Qantas Airways (29)	249	31	Turkish Airlines (35)	303
32	Asiana Airlines (33)	40	32	Volga-Dnepr Airlines (38)	240	32	Hainan Airlines (34)	280
33	Malaysia Airlines (36)	39	33	China Southern Airlines (46)	222	33	Air Canada (40)	261
34	Iberia (34)	36	34	Swiss (34)	220	34	TNT Airways (36)	256
35	South African Airways (38)	35	35	Virgin Atlantic (36)	212	35	Volga-Dnepr Airlines (47)	240

DOMESTIC			INTERNATIONAL			TOTAL		
Rank	Airline*	Tonnage (in thousands)	Rank	Airline*	Tonnage (in thousands)	Rank	Airline*	Tonnage (in thousands)
36	Turkish Airlines (37)	35	36	Air Canada (40)	207	36	Iberia (39)	237
37	Hawaiian Airlines (41)	30	37	Iberia (39)	201	37	Shenzhen Airlines (37)	229
38	Transaero Airlines (43)	29	38	Dragonair (35)	180	38	Swiss (38)	223
39	Siberia Airlines (40)	28	39	Continental Airlines (43)	155	39	Virgin Atlantic (43)	212
40	PIA (39)	28	40	Jet Airways (44)	134	40	Garuda Indonesia (46)	207
41	US Airways (42)	25	41	DHL International (42)	133	41	Continental Airlines (45)	205
42	LAN Airlines (45)	24	42	Egyptair (57)	127	42	Jet Airways (44)	205
43	Avianca (47)	20	43	South African Airways (49)	126	43	Air India (49)	180
44	Aeromexico (46)	19	44	Aeroflot Russian Airlines (59)	121	44	Dragonair (41)	180
45	Jet Lite (48)	16	45	Finnair (50)	114	45	Vietnam Airlines (51)	179
46	Lufthansa (44)	15	46	Gulf Air (41)	114	46	Sichuan Airlines (48)	170
47	UT Air (50)	15	47	Air New Zealand (45)	110	47	Aeroflot Russian Airlines (60)	163
48	Vladivostok Air (54)	12	48	Ethiopian Airlines (55)	105	48	South African Airways (55)	161
49	Copa Colombia (NA)	12	49	El Al Israel Airlines (47)	103	49	Xiamen Airlines (53)	158
50	Iran Air (49)	11	50	Air India (51)	98	50	Shanghai Airlines (42)	153

* 2009 ranking in parentheses

Source: International Air Transport Association

**"10,000
STOPWATCHES?
GUANGZHOU TO PARIS?
AND THE CLOCK'S
TICKING? NO SWEAT!"**



**CONNECT SHIPMENTS FASTER WITH
OUR FAST-TRACK SERVICE.**
Priority made easy with Crystal Cargo.

- Priority access to capacity and later booking
- Expedited tender times
- Premium boarding priority
- Enhanced minimum connection times from Abu Dhabi
- Improved retrieval times
- Know where your cargo is 24/7 with real time tracking
- Shipment arrival notification
- Guaranteed to move on booked flights

Book your next consignment now at
crystalcargo.ae

THE ANSWER IS CRYSTAL CLEAR.

الاتحاد
ETIHAD
CRYSTAL CARGO
FROM ABU DHABI TO THE WORLD

Safety is promoted throughout the carrier's cargo terminal at Incheon International Airport. Korean Air also recently installed a new X-ray machine and explosives trace detection system to add other layers of security to cargo screening. It's a practice Korean Air takes very seriously, Ho Lee explains. "We make every effort to prevent dangerous situations from occurring," he says.

The other freight carriers topping IATA's list also hold Korean Air's view on security. UPS, for instance, complies with all FAA and European regulations, including the European Community Customs Code Import Control Systems, which was launched earlier this year, Aubuchon says.

UPS and competitor FedEx might get a further push as the TSA and other regulatory bodies contemplate applying the 100-percent screening guideline to freighters. Whether or not industry rumblings prove correct and this happens, however, it's safe to say that antiterrorism initiatives are here to stay.



Future projections

None of the representatives for the carriers topping IATA's list deny the blows being dealt to airfreight operations. Ho Lee, for one, points to how the current economic climate is cutting into airline's profits. "Uncertainty and depression of the world economy is one of the biggest challenges to airfreight carriers right now, and depression leads to decreases in

Systemwide statistics	Percent change over previous year				Year 2010		Average annual changes (%)	
	2006	2007	2008	2009	Number	% Change	5-year 2010/2006	10-year 2010/2001
All-cargo flights								
Kilometers flown (in millions)	3.5	2.5	-5.3	-15.5	1,696	9.9	-1.4	2.1
Aircraft departures (in thousands)	3	1.2	-3.4	-12.2	781	6.5	-1.2	0.8
Hours flown (in thousands)	4.1	2.3	-3.2	-15.3	2,450	9.6	-0.9	2.1
Freight tonnes carried (in thousands)	3.4	4.2	-4.9	-13.5	22,647	15	0.4	3.3
Freight tonne-kilometers (in millions)	3.6	3.3	-6.1	-15.8	93,001	20.7	0.5	3.4
Mail tonne-kilometers (in millions)	-18.2	1.4	-0.8	0.5	605	28	1.1	1.3
Available tonne-kilometers (in millions)	3.8	3.6	-4	-16.4	133,595	14.1	-0.3	3.4
Weight load factor	-0.2pt	-0.2pt	-1.4pt	0.6pt	70.1%	3.9pt	0.2pt	0.1pt

Source: IATA

purchasing power and air cargo demand," he says.

Emirates' Menen concurs. Citing how recent natural disasters have impacted supply chains, he says certain sectors, such as high-tech goods,

porting shipping demand."

Smith, along with the rest of the industry, is also eyeing Asia as a key region for growth. Crediting Asia with housing FedEx's strongest transportation network, Smith anticipates this continent playing an increasingly important role in his company's airfreight business.

It's a projection echoed by IATA. Association officials expect the Asia-Pacific to post the highest cargo growth of any region in 2011. To Bisignani, this success is attributable to a number of factors, namely Asia's 40-percent market share in the airfreight industry. "Asia has policies to promote and support growth," he said at IATA's 67th Annual General Meeting in June.

What's more, he anticipates the Asia-Pacific overtaking both Europe and North America as the global aviation hub in the near future. "In place of our traditional leaders, I'm convinced that China and India will soon become the driving force of aviation in this century," Bisignani said. "They will grow aviation stronger through change, replacing artificial barriers with commercial opportunities."

It's a feat the top 50 carriers on IATA's list hope to accomplish, as well. **ACW**

have been hit harder than others. The political strife plaguing the Middle East has also disrupted freight operations, he says.

Despite the bleak picture, cargo carriers remain optimistic about the future. "Going forward, we see stronger economic growth," FedEx's Smith projects. "We believe the industrial sector will lead growth in the U.S. and overseas in the next two years, sup-

A P P R E C I A T E E X C E L L E N C E

Watch for your ACE Award survey invitation

Help select the next Air Cargo Excellence award winners.

Join your peers and rate the top airlines and airports in the air cargo industry.

The Air Cargo Excellence survey will be emailed November 2011 to qualified Air Cargo World subscribers.



UBM Aviation

Air Cargo World is a UBM Aviation brand.

data

analytics

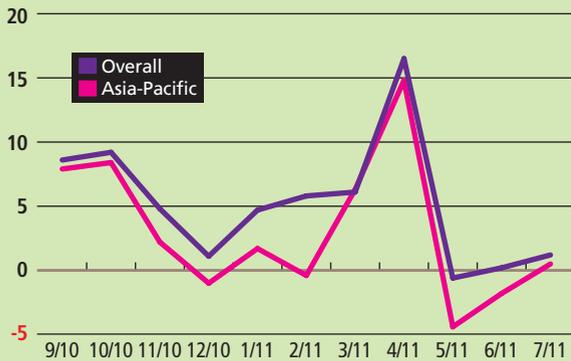
consulting

events

media

CARRYING EUROPE

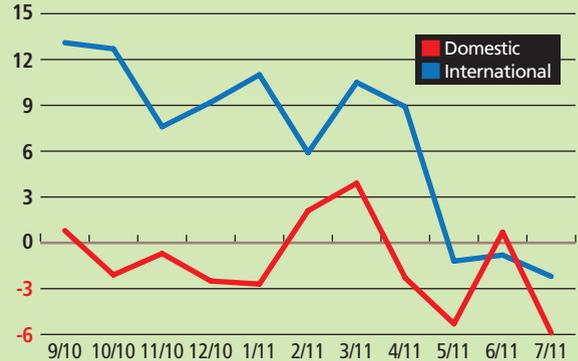
Monthly year-over-year percent change in overall freight traffic and Asia-Pacific freight traffic for European airlines.



Source: Association of European Airlines

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

CARRYING ASIA

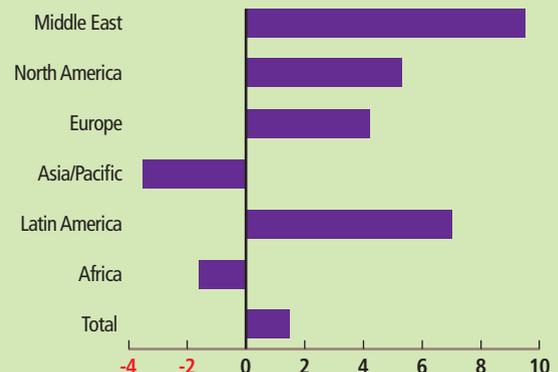
Monthly year-over-year percent change in capacity, in available tonne kilometers, and traffic, in freight tonne kilometers, of Asia-Pacific airlines.



Source: Association of Asia Pacific Airlines

SHARING MARKETS

International air cargo year-to-date percent change for July 2010 vs. July 2011



Source: IATA

CARRYING INTERNATIONAL

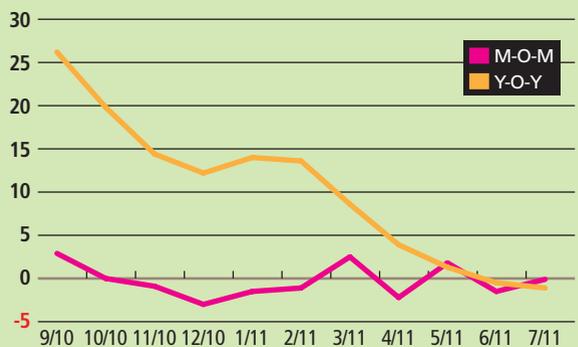
Monthly year-over-year percent change in total scheduled international freight traffic and capacity worldwide in freight tonne-kilometers and available tonne-kilometers.



Source: IATA

SEMICONDUCTORS

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



Source: Semiconductor Industry Association

AIRPORTS

Schiphol Group's executive vice president and CFO, **P.M. Verboom**, has announced that he will retire next year. Verboom has served in his current role since 1997. The group's supervisory board has started the search for his successor.

AIRLINES

Southwest Airlines Cargo Management Group has named **Jim McKeon** as its new strategic advisor. A 20-year-industry veteran, McKeon brings a wealth of knowledge to the role, particularly in the areas of international air cargo sales and marketing, interline strategy development, and product development. He will leverage these skills in his new position as Southwest Airlines integrates **AirTran** into its network and incorporates the 737-800 series aircraft into its fleet next year.



MCKEON

US Airways has appointed **William J. Post** to its board of directors. Post, the retired chairman and CEO of Pinnacle West Corp. and former president and CEO of Arizona Public Service, will serve on the board's compensation and human resources and labor committees. In addition to his new role with US Airways, Post also serves on the boards of **Swift Transportation**, **Blue Cross Blue Shield of Arizona** and **First Solar**.

UPS has appointed 26-year company veteran **Jim Barber** to the role of president of the UPS Europe region with responsibility for Europe, the Middle East and Africa. Barber, who most recently served as chief operations officer of the European region, will manage all UPS package, cargo and logistics operations in 120 countries and territories in his new role. He succeeds retiring president **Wolfgang Flick**.

The Executive Board of **Deutsche Lufthansa AG** has proposed that **Star Alliance Services GmbH** CEO **Jaan Albrecht** become chairman of the board and CEO of **Austrian Air-**

lines AG, effective November 1. Albrecht has been at the helm of the Star Alliance since 2001, coordinating the activities of the global airline organization. At presstime, Albrecht's nomination is pending approval from the airline's supervisory board.

Etihad Airways has appointed **Pawana Shrestha** as its country manager in Nepal. A veteran of both **Gulf Air** and **Galileo**, Shrestha has served in various marketing and sales roles and was able to more than double market share for Galileo. She replaces **John Rees Evans** and will be responsible for overseeing the airline's commercial operations in Nepal.



SHRESTHA

The Supervisory Board of **Deutsche Post DHL** has extended **Lawrence A. Rosen's** appointment to the corporate board of management for another five years. Rosen, who was originally named to the board in 2009 and serves as CFO for DHL, will continue to oversee finance as well as the company's global business services. His new term will begin on Sept. 1, 2012.



ROSEN

American Airlines Cargo has named **Tom Grubb** to the new position of manager, cold chain strategy, where he is in charge of overseeing and expanding AA's perishable offerings.

THIRD PARTIES

Yngve Ruud is **Kuehne + Nagel's** new regional manager for Northwest Europe, filling a vacancy created when **Tim Scharwath** left the position to join K+N's management board. Ruud joined the company in 1995.

UCA Holdings has appointed **Mike Brand** to its board of directors. Brand held various management roles at **Goodrich Corp.** from 2005 to 2011, including president of its landing gear division and vice president of its 787 Entry into Service program. Prior to joining Goodrich, Brand served in corporate manufacturing management for **General Electric** and as president of **Teleflex's** Aerospace Manufacturing Group.

Take Solutions has hired **John Levey** as vice president of sales for its supply chain business. With more than 20 years of experience in the software industry, the SAP America and Oracle veteran will oversee the growth of Take's sales team and the acceleration of global expansion efforts.



LEVEY

OTHER

The **Air Transport Association of America** has named **Christine Burgeson** as senior vice president of global government affairs. Burgeson, a former senior lobbyist for President George W. Bush and Citigroup, has worked at the highest levels of both government and the private sector. Most recently, Burgeson ran her own consulting firm in Washington, D.C. Her areas of expertise include budget, appropriations, tax, finance and foreign relations issues.

Bob Feldmann has taken over as the vice president and general manager of **Boeing's** new engine family, the 737 MAX. Feldmann, a 35-year industry veteran, comes to the job from Boeing's defense, space and security division. The company has also appointed **Michael Teal** to vice president, chief project engineer and deputy program manager for the 737 MAX. He served a similar role on the 737-8 team. **ACW**

Connect with Air Cargo World on the Web!

Twitter: @acwmagazine

Facebook: Air Cargo World

www.aircargoworld.com

Five Questions with... Tony Tyler

Although Tony Tyler only succeeded Giovanni Bisignani as director general of the International Air Transport Association in July, he has already made quite a name for himself in the industry. Tyler recently sat down with *Air Cargo World* to discuss how he plans to blaze his own trail while also building off Bisignani's success.

1. How will you follow in Giovanni Bisignani's footsteps?

Giovanni left an impressive legacy. I'm fortunate to be taking over an organization with a track record of some major successes in recent years. Even more importantly, I'm inheriting a team of highly motivated professionals who are dedicated to delivering results that help the industry improve business.

The aviation value chain is complex — and IATA alone can't drive change. But there is a lot of common ground on issues, ranging from safety and security to industry efficiency, that give us great scope for cooperation. I see IATA's natural role as being a catalyst for cooperation among industry stakeholders and governments that serves everybody's interest.

That is particularly true in cargo where E-freight and security are probably the two biggest issues for us. Actually, the two are related, because using E-documents along the whole cargo supply chain would make securing it much easier and more effective. We have already produced 20 electronic standards for E-freight, all of which are core-shipping documents, allowing us to achieve a paperless environment in 44 countries.

We need to get the entire supply chain working together if we are going to meet our targets. This year, we've aimed for 10 percent on E-freight-capable trade routes and 100 percent by 2015. The Global Air Cargo Advisory Group (GACAG) will play a key role in aligning the supply chain. E-freight is a game-changing opportunity that the air cargo value-chain can't afford to miss.

2. What are some of the current challenges in the industry?

There's no shortage of challenges. The impact of a sluggish global economy and high fuel prices are common problems across the industry. The challenge to respond responsibly to climate change is universal. But even more fundamentally, there are the constant challenges of safety and security.

For safety, we are definitely on the right track. The Dangerous Goods Regulations, for example, are well-established global standards that IATA supports with various products and services including IATA Operational Safety Auditing, IATA Safety Audit for Ground Operations, training and manuals. The transport of lithium batteries is an increasing safety concern for our members. IATA is organizing the first-ever seminar on this topic in Shanghai from November 8-9.

There is much more to do in the way of security. Everybody recognizes its importance, but that has not yet translated into the kind of global cooperation that we see on safety.

Since the events last October concerning shipments from Yemen, we have been collaborating with the International Civil Aviation Organization, the U.S. Department of Homeland Security, the Transportation Security Administration and U.S. Customs and Border Protection and our GACAG partners to

find and implement effective solutions that meet the evolving challenge.



TYLER

Secure freight is part of the solution. IATA firmly believes in a risk-based approach to security, with responsibility shared across the value chain. The secure freight initiative has been successfully piloted in Malaysia, and Egypt, Kenya, Mexico and Chile have confirmed their wish to move forward with the program. The goal is to deliver successful results that will be a model for others to follow.

3. How did your experience at Cathay Pacific prepare you for your new position?

Cathay Pacific is an especially big player in the cargo market. Measured by FTKs, Cathay Pacific was No. 3 in the world after FedEx and UPS. So I came to the job with a good understanding of the challenges and the possibilities. For example, I'm proud that Cathay Pacific was able to work with the industry in Hong Kong to make E-airway bills a requirement. Working with Des Vertannes, IATA's global head of cargo, I plan to very closely follow developments in this area.

4. How will IATA evolve in the next decade?

My goal is to keep IATA focused on adding value to our members as they react to changes in their business. This first means understanding the priorities of our members and then delivering results in cooperation with our partners through GACAG and with governments through ICAO. The issues that we face as an industry are big, and every member of the value chain has a stake in resolving them successfully.

A decade from now I hope for two things: The first is that we — the whole value chain — will be much better at staying focused on the common ground where, together, we can support the needs of this great industry that is at the heart of our globalized world. The second is that we become even faster at embracing change and optimizing the use of technology.

The scope of IATA's activities also could expand. We are looking to define common standards for cargo ground-handling activities as well as provide a common set of key performance indicators to benchmark supply-chain operations.

5. What has surprised you most in your new role?

I've been a member of the IATA Board of Governors for several years and served as its chairman from 2009 to 2010, so I had a pretty good idea of what I was getting myself into. If there's one thing that has positively impressed me, it's the breadth of IATA's deep involvement in the global industry. After four months, I'm still learning a lot about what we do — and I suspect that this will continue for some time.

events

OCTOBER 2-4

Berlin: The 17th World Route Development Forum will bring together exhibitors, panelists and delegates from throughout the industry. The World Route Development Strategy Summit will be held October 2 and 3. This co-located event will focus on international issues that impact the entire industry before breaking down subjects into route development, air cargo, and travel and tourism panels. Visit www.routeonline.com for more information.

OCTOBER 4-6

Amsterdam: IATA's 20th annual AVSEC World event serves as a place for officials from all aspects of the airline industry to discuss strategies and solutions for the challenges of today and tomorrow. Topics include screening, emerging security threats, the check-point of the future, passenger issues, in-flight challenges and insider threats. For more information and to register, visit www.iata.org/events/Pages/avsec-world.aspx.

OCTOBER 11-14

Munich: The Munich Trade Fair Centre is the site for Mack Brooks Exhibitions' 18th inter airport exhibition. The event will feature four different exhibition sectors, each targeted toward a specific aspect of equipment, design, technology and airport services. Conferences and seminars have been slated to run concurrently with the exhibition. Visit www.interairport.com/europe or send an email to europe@interairport.com for more information.

OCTOBER 12-14

Shenzhen, China: The eighth annual China Air Cargo Summit, hosted by the Transport Committee of Shenzhen Municipality, will be held at the Ritz-Carlton in Shenzhen. Occuring at the same time, the China (Shenzhen) International Logistics and Transportation Fair will bring together more than 1,200 exhibitors and 80,000 visitors. For more information, visit www.aircargosummit.org or email marketing@aircargosummit.org.

OCTOBER 16-21

Cairo: The International Federation of Freight Forwarders Association will hold its annual World Congress meetings in

October at the JW Marriott Cairo. Originally, the conference was to be held in September. For more information, visit www.fiata.com.

OCTOBER 24-26

Las Vegas: The annual Cargo Facts Aircraft Symposium brings together carriers, service providers and other companies from both the cargo and passenger aviation industries for two days of networking and information sessions. For more information, visit www.cargo-factssymposium.com.

NOVEMBER 2-4

Miami: Aviation leaders in the Western Hemisphere developed Air Cargo Americas in 1991 as a forum for aviation executives to exchange views and develop strategies to enhance the growth of the air cargo industry in the Americas. The 2011 show will bring together leading manufacturers, exporters, freight forwarders, importers and distributors. Contact Charlotte Gallogly at info@worldtrade.org or (305) 871-7910 for more information.

NOVEMBER 19-20

London: Project Cargo Network will hold its inaugural summit at the Park Plaza Riverbank Hotel. The two-day conference will include pre-arranged business meetings and a workshop session. For more information, visit www.projectcargonetwork.com.

FEBRUARY 1-3

Mumbai: STAT Times, which has been running the biennial Air Cargo India since 2006, will bring the fourth addition of the airfreight conference to Mumbai in February. According to a press release, the three-day event is meant to "bring into international focus the opportunities available in India for industry players in the air cargo sector." For more information, visit www.stattimes.com/ACI2012.

MARCH 6-8

Amsterdam: ATC Global's annual exhibition and conference is for the international air traffic control industry. According to organizers, the 2011 event attracted 5,500 attendees. For more information, visit www.atcglobalhub.com/events/exhibition.

ADVERTISER INDEX

Airbus.....	28
Air Charter Service.....	56
Airdex	23
Air Logistics Group.....	17
Boeing.....	25
Bounce Logistics.....	7
Budapest Airport	20
C.H. Robinson	55
Coyne Aviation	31
Delta Cargo	10
East Midlands Airport.....	27
Etihad Crystal Cargo.....	43
EVA Air Cargo	11
Flughafen Hahn.....	13
Fujairah Airport.....	14
Korean Air Cargo	37
Labelmaster	41
Lufthansa Cargo Charter	40
Munich Airport.....	21
Saudi Arabian Airlines.....	34
Skyteam.....	35
Thai Airways	5
United Cargo.....	2
Volga-Dnepr.....	36

STATION AND SALES OPPORTUNITIES



Our people and customers tell us that our Logistics Management Platform is the most flexible, intuitive, and customer focused they have ever experienced.

TransShipper®
Automated Shipment Initiation

TransTracker®
Logistics Visibility and Management

TransWarehouse®
Global Inventory Management System

TransAlert®
Automated Milestone Notifications

TransRate™
Customer Specific Auto-Rating

Join TransGroup
where Domestic and International Logistics expertise unite with Industry Leading Technology, creating a Synergy so powerful that you and your customers will achieve an entirely new level of success.

90 Stations | 5 Continents



Station Ownership and Sales Opportunities throughout North America including:

ABQ, BNA, BWI, CLT, CMH, DCA, DSM, IAD, IAH, IND, LIT, OKC, OMA, MCI, MCO, MEM, MSP, PIT, STL, TUL

- Excellent Commission Structure
- No Station Startup Fee
- Domestic & Int'l Air/Full Menu
- Surface Forwarding LTL/FTL
- IATA Agent
- OTI/NVOCC Ocean Forwarder
- C-TPAT Certified & Validated
- 40+ North American Offices
- 25 Years of Excellence

For confidential inquiries please contact Ron Lee at 800-444-0294 ext. 3350 or ronl.hq@transgroup.com

WWW.TRANSGROUP.COM

+ 1 800-444-0294

RADIANT® GLOBAL LOGISTICS

It's the Network that Delivers!®



Join the network that delivers innovation, value and excellence.

Domestic International Warehousing/Distribution Crating/Packing Insurance

Turn Key Start Up
Worldwide Partner Network

Fast Settlement
No Start Up Fees

Advanced Web Applications
Corporate Support & Training

Dan Stegemoller, Chief Operating Officer
tel: 800-843-4784 | www.radiantdelivers.com



AIR FREIGHT BUSINESS OPPORTUNITIES



**EXPRESS AIR FREIGHT
UNLIMITED, INC.®**

**FREIGHT SALES
AGENCY**

- Seeking successful professionals as partners in new offices
- Receive salary and ownership with no investment required
- We will set up office with access to worldwide network
- You run the office and build the business
- Denver, San Francisco and other cities available

Reply in confidence to:
dmarx@expressairfreight.com
 or toll free USA to
DAVID MARX at 800-878-0303
www.expressairfreight.com



Success through opportunity

AGENCY OWNERSHIP

MCI - PIT - BDL - MSY - OKC - TUL - MKE - STL - BOS - BWI - DFW - DEN

- Domestic & International (Air/Ocean)
- Air Charter Service
- Exclusive Truck Fleet
- Express Truck & T/L brokerage
- State-of-Art Ops Technology
- GPS Tracking System
- Corporate National Accounts Support
- Centralized Accounting Collections Billing
 - Commission Paid Weekly
 - No Franchise Fee
 - National Carrier Contracts
 - IATA and OTI Forwarder Certificates
 - Protected Territory

BE PART OF THE TEAM



Expediting & Logistics



Contact Bill Frazier at:
704-423-9911 ext 225
Bill.Frazier@NationsExpress.com www.NationsExpress.com

TRADE SHOW CARGO SALES

Seeking independent sales people and agencies specializing in the trade show cargo business.

- No Territories
- Lucrative and Simple Commission Structures

Join one of the leading Global Trade Show Logistics Companies with over 22 years of experience and coverage in more than 200 countries worldwide. Complete domestic and international line of transportation services.

Contact: Gary Syner/CEO gsyner@transitair.com
(800) 247-1600 www.transitair.com



PET SHIPPER / PET MOVERS



Air Animal
 Pet Movers Since 1977

**Large or small,
we handle them all!!**

www.airanimal.com
info@airanimal.com

Telephone: **U.S. Toll Free**
1-813-879-3210 | **1-800-635-3448**
 Fax: **1-813-874-6722** | **1-877-874-6799**

U.S. LOGISTICS

**OPEN YOUR OWN
AIR FREIGHT SALES AGENCY!**

**LOOKING FOR A
FEW GOOD SALES PROS!**

- UNLIMITED INCOME POTENTIAL
- NO START UP FEE
- COMPUTERIZED
- ESTAB. 1968 - DOMESTIC & INTL.
- CONTRACT RATES - DISCOUNTS
- AIR & OCEAN FORWARDING

**TIRED OF CORPORATE POLITICS?
TIRED OF MAKING SOMEONE ELSE RICH?
START CONTROLLING YOUR OWN FUTURE!**

CALL: JACK JACOBSEN **Tel: (516) 938-3610**
 Executive Vice-President Fax: (516) 938-3164
 e-mail: jjacobsen.hq@uslogistics.us
 major cities available, including
EWR • SEA • PDX • DEN • IAH
SLC • CLE • MEM • MSP

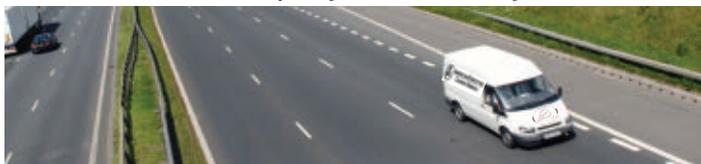


FREIGHT EXPEDITING



AMERICAN EXPEDITING COMPANY

We built this company one delivery at a time.



American Expediting Company, the local ground courier for industry partners since 1983, provides the following benefits:

- Industry's Nationwide Last Mile Provider
- Wholesale Pricing to Industry Partners
- 24/7/365 Operations
- STAT and On-demand Deliveries
- TSA Certified IAC
- Airport Coverage throughout U.S.
- Dedicated TSA Coordinator on Staff
- ***A Partner You Can Trust***

Call to set up an account ***Today!***

TOLL FREE: 800-525-3278
info@amexpediting.com
www.amexpediting.com

PREMIER AIR AND OCEAN SHIPPING SERVICES
 IN ARGENTINA



**Crossing
 CONTINENTS**

IMPORTS AND EXPORTS: PERISHABLE CARGO
 PROJECT HANDLING | DANGEROUS GOODS
 TEXTILE AND LEATHER GOODS | PHARMACEUTICALS

carlos.schiratti@crossingco.com.ar
 (5411) 5219-1221
WWW.CROSSINGCO.COM.AR

AIR CARGO ATTORNEY

David Cohen, Esq.

35 Park Ave, Suite 16J
 New York, NY 10016

Email: CohenLawUS@aol.com
 Phone: (212) 217-9527 • Fax: (212) 208-2408

FREIGHT EXPEDITING

OHIO

PrimeTime
 Delivery & Warehouse

24/7/365 Live Dispatch

*Expedited Delivery
 Throughout US and Canada*

**All Drivers TSA Certified
 White Glove Service
 Same Day • Next Day
 Scheduled Deliveries
 2 Man • Cargo Vans
 Straight Trucks • Liftgates**

**"The Agent" to call in the
 Cleveland / Akron / Canton
 markets**

www.primetimedelivery.com
ops@primetimedelivery.com

800-866-7530

OHIO

PALLETS AND NETS

**AIRLINE CONTAINER
 LEASING, LLC**

**PALLETS -NETS- STRAPS
 COLLAPSIBLE HORSE STALLS**

IMMEDIATELY AVAILABLE
JFK-MIA-AMS-LAX-HNK-FRA
PALLETS FOR SALE/LEASE
 Lease as low as \$1.00 per day*
ONE WAY TRIPS AVAILABLE

PALLETS AVAILABLE
NEW OR USED
88"X125" / 96" X125"/88"X 108"
16 FOOT / 20 FOOT / MILITARY

FOR MORE INFO - CONTACT

JFK +1-516-678-4334
MIA +1-305-633-4594
AMS +3 1(0)23 5623783
DFW +1-972-365-9374

E-MAIL ALL STATIONS @
sales@aclairshop.com
www.aclairshop.com
refer to promo code: AN2011*

CARGO RESTRAINTS

CARGO NETS & STRAPS

- Tie-Down Straps & Nets
- Baggage, Floor, Barrier & Pallet Nets
- FAA/EASA Accepted Designs
- Custom Engineering - Prompt Delivery
- Cargo Rings / Seat Track / Hardware

www.cargosystems.com

RESTRAINT SYSTEMS FOR EVERY NEED
 P.O. Box 81098, Austin, TX 78708-1098
info@cargosystems.com
 Tel: (512) 837-1300 • Fax: (512) 837-5320
 FAA/EASA Certified Rep Station

FREIGHT SOFTWARE

Automated RECORDKEEPING FREIGHT SOFTWARE

On-line order entry
 On-line track and trace
 Driver web portal
 Easy to use - Complete package
 Used by couriers, freight forwarders,
 and brokers since 1986

starting at \$50 per month

sales@waybilltracking.com (650)328-1807

30 Day Free Trial **WaybillTracking.biz**

r e p r i n t s

When your company is featured in Air Cargo World, order reprints to promote your products elegantly and inexpensively. Use them to target your market and strengthen your corporate identity among existing and potential clients. Our high quality reproductions, printed on glossy paper, are available in black and white or color. For more information and pricing, contact:

Pam Latty (678) 775-3565



Nick Erdmann is business development manager at Minnesota-based Transport Security

Taking the guesswork out of cargo theft

Cargo theft has impacted nearly every industry, from paper products to electronics. Experts estimate that cargo and equipment theft costs stakeholders \$30 billion to \$50 billion annually worldwide, although there are no records of these thefts, so this number is just an estimate.

Security is a necessity today. With the nation on heightened alert, the transportation and air cargo industries must be prepared. By its very nature, the airfreight sector places goods in a more vulnerable environment than when they are at a shipper's or receiver's facility. It's not like having your goods in a warehouse; you cannot post a security guard, install lights and a closed-circuit TV system, or build a fence around your freight.

Expensive freight is moved along highways and by air and sea everyday, and security procedures and devices are becoming more necessary for carriers and other companies involved in transporting goods. Today, many security-conscious firms have taken steps to combat theft of their equipment and products.

Although there are some trends in what type of commodities are stolen, theft has affected nearly every type of product from childrens' toys to pharmaceuticals. Some cargo categories that are especially vulnerable include electronics, metals, apparel, pharmaceuticals, appliances and auto parts.

The traditional days and times of cargo theft occur during the weekend period; holiday weekends also tend to attract a higher rate of theft due to facilities sometimes being dark for a longer period of time with limited personnel.

Geography also has a lot to do with theft. Among all transportation types in the U.S., 12 states — among them, California, Georgia, Florida, Texas, Tennessee, New York and Illinois — account for 80 percent of all freight theft. What's more, a number of cargo thefts occur in the trucking industry when the vehicle transporting cargo is stopped in an unsecured location. A good rule of

thumb is "freight at rest is freight at risk."

Typical areas for these types of theft include truck stops, unsecured drop yards and restaurant/shopping center parking lots. Terminals and distribution center yards are now becoming a more popular target as well, illustrating a need by companies to provide security within these areas.

All stakeholders that bear the burden of cargo should be involved in the security process as much as they can, as they all share in the monetary loss should a load go missing.

Shippers need to take care in selecting their transportation partners. They should also consider the implications of supply chain/logistics decisions. Requesting specific delivery times narrows down the options available to the trucking company and driver. If you want a relatively local shipment to arrive at a specific destination early in the morning, this may well cause a driver to pick up the load the previous day in order to make the narrow appointment window.

It is important for companies to familiarize themselves with local and national law enforcement agencies. Taking the time to meet these agencies — specifically the personnel involved with investigating cargo theft — is important for the recovery of your product and assets. There are several cargo theft task forces in Illinois, Georgia, Florida, California, Tennessee and Texas that specifically focus on cargo-theft crimes. Networking with these groups is important, as they receive intel everyday on stolen loads and can assist in finding missing goods if they are reported in a timely fashion.

There are many measures companies can take to secure their freight whether they are shipping by land, sea or air. Security of products is every company's responsibility. Knowing that cargo theft is a real issue in the supply chain is the first step; combating the problem with security solutions, intel, law enforcement involvement and analytics is the next step. **ACW**



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

Lambert-St. Louis officials gamble on cargo

A China Eastern Boeing-777 from Shanghai is scheduled, as of this writing, to touch down at Lambert-St. Louis International Airport on September 23. This is possibly the most significant sign of progress in a four-year bid to turn the currently under-used airport into an international cargo hub. Now, we are left to wonder if the city's effort in attracting a Chinese carrier has been worth the financial concessions, political fallout and risk taken in making the initiative successful.

Trying to attract air cargo flights to underutilized Midwestern airports is not new. Officials in Rockford, Ill.; Fort Wayne, Ind.; and Columbus, Ohio, continue to implement aggressive marketing campaigns in the hope of establishing major hub operations.

Despite these failed attempts at attracting a flight from China, Lambert-St. Louis International Airport does have past experience with vast air cargo operations. Veteran freight forwarders and airline employees likely remember the TWA days, when the former airline ran extensive passenger and cargo services through its St. Louis hub.

Even though the TWA flights were successful, the carrier's history with the airport cannot be used as a basis for predications about the current proposed services. Circumstances are significantly different today, creating an uneven comparison between the two services. Cargo on those TWA flights came from many cities throughout the airline's system — not just St. Louis.

On the other hand, if local businesses are able to fill the China Eastern flights, it will be affordable for both airlines and forwarders to serve Lambert-St. Louis International Airport. The airport plans to waive its landing fees and facility rental charges for the first 18 months.

If all goes according to plan, the Missouri legislature will have voted on a \$360 million Aerotropolis tax credit package by the end of this month. The package will provide subsidies for forwarders to export from Lambert and will also establish new tax credits to build warehouses around the airport. Passage of that bill will allow forwarders to enjoy a savings of \$0.35 per kilo for exports.

If the tax credit package fails to arrive, however, both Chinese and St. Louis officials fear the flights will unfor-

tunately discontinue as well.

St. Louis officials understand the risks associated with attracting China Eastern, especially when faced with a \$360 million public financing package that will further bankrupt the already financially ailing state. FedEx, UPS and DHL already have committed to extensive operations at hubs in Memphis, Louisville and Cincinnati. As such, assuming those cities will be able to help support the Lambert-St. Louis China flights would probably be a severe miscalculation at this point.

Many factors have to be considered when establishing service to China. For example, if St. Louis-area freight forwarders pull volume to China from their committed Chicago departures, will the space still be there should the St. Louis flight prove unsuccessful? Moreover, the evolving nature of the venture depends upon community support to continue. Some contemplate whether this is too expensive for the state of Missouri and forwarders to endure.

Despite the inherent gamble involved for St. Louis and the state, those involved can take comfort in the freight forwarders' ability to adapt to new circumstances and seize opportunities quickly. With preferred flight times, rates and other economic incentives, forwarders outside St. Louis may be attracted to the China Eastern flights as a way to save money and improve performance to the world's most active market.

The China Eastern flights to Lambert-St. Louis could have a big payoff; success will generate jobs and increased tax revenue from businesses taking advantage of the direct service to China. Chinese officials apparently agree and have spent close to three years in protracted negotiations with the Lambert-St. Louis representatives.

There is no doubt that frequent and extensive air cargo service benefits local economies. Companies have relocated to Memphis, Louisville and Indianapolis just to take advantage of last-minute departures from those air cargo hubs. On the other hand, inadequately supported flights due to insufficient cargo flows are disastrous, as citizens of Wilmington, Ohio, and Fort Wayne, Ind., have discovered.

All involved in this type of venture must share the risk equally to assure its success. As with any opportunity, without risk, there is no reward. **ACW**



HAT
China

NEON SIGN
Hong Kong

ICE CHEST
Italy

KETCHUP BOTTLE
United States

SALT
India

DENIM BLAZER
Argentina

BAR STOOL
Singapore

EPOXY
Germany

Our expertise is everywhere you look.

Thousands of customers in all kinds of industries rely on us to expand their global supply chains around the world. As a leading global forwarding provider, our top priority is delivering unbeatable service and execution to customers. Whether you need ocean, air, customs brokerage, or project cargo solutions, we'll do the same for you.

Contact us today and tie your entire global supply chain together.
solutions@chrobinson.com | 800.323.7587





TIME CRITICAL AUTOMOTIVE CHARTERS WE'VE GOT YOU COVERED.....

AIR CHARTER SERVICE HAS EXTENSIVE EXPERIENCE PROVIDING AIRCRAFT IN TIME CRITICAL SITUATIONS FOR THE AUTOMOTIVE INDUSTRY, WITH THE ABILITY TO BE AIRBORNE WITHIN 1 HOUR OF CONFIRMATION, UTILISING A GLOBAL NETWORK OF OFFICES AND LOCAL MARKET KNOWLEDGE.

ACS CAN RAPIDLY SOURCE THE CORRECT AIRCRAFT FOR ANY REQUIREMENT. CONTACT US TODAY TO SEE HOW WE CAN HELP LOOK AFTER YOUR CARGO.



Air Charter Service

N.AMERICA S.AMERICA EUROPE AFRICA MIDDLE EAST CIS ASIA

WWW.AIRCHARTERSERVICE.COM