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Cover photo: The 747-400 Boeing Converted Freighter interior, prior to installation of interior panels and cargo handling system.

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## KC becoming a status symbol for European shippers



**John W. McCurry**  
Editor

Karl Mayer, a German builder of textile manufacturing machinery, is a well-known name in the industry. It is also a significant shipper of its large knitting machines via airfreight to its global markets.

Karl Mayer is one of the latest European companies to comply with European Commission “known consignor” regulations, or KC as it is now being abbreviated, which became effective April 29. Air cargo shipments are declared as “safe” only if companies had previously obtained the status of “officially accepted known consignor.” Otherwise, shippers endure delays and potential added costs.

“This status is very important for us because it is an important condition for a fast and trouble-free consignment,” Jürgen Schreiber, Karl Mayer’s commercial manager for dispatching, tells Air Cargo World.

Karl Mayer ships machinery by various methods, but airfreight is an important mode, Schreiber says. The company decided to go for the known consignor status last August and set a time frame of nine months and established a “considerable” budget. The process included the appointment of an airfreight security officer and a deputy.

Karl Mayer also modified its logistics center to establish a separate room only accessible after having passed through several predefined safety procedures.

Another German company recently becoming a KC is Diotec Semiconductor, which did so in April. Diotec describes its new status as an “essential component” of its delivery concept.

Both Karl Mayer and Diotec were certified as KC by the German Federal Aviation Authority. Both companies are also using their achievements as a promotional tool on their websites.

Shifting gears a bit, but staying on the topic of semiconductors, there is good news coming out of this industry, which has historically been a big user of airfreight. The Semiconductor Industry Association reported that global sales of semiconductors reached US\$24.7 billion in May, an increase of 4.6 percent from April. This was the largest month-to-month increase since March 2010. Year-to-date sales, through May, are 1.5 percent higher than they were in 2013.

Asia Pacific with 5.9 percent and the Americas with 5.6 percent were the leading regions. European semiconductor sales rose by 0.3 percent. Chips used for wireless communication and automotive infotainment applications reported strong global growth in May.

The positive growth supports the forecast in June by World Semiconductor Trade Statistics that the market would recover in 2013 with an overall growth rate of 2.1 percent. WSTS predicts market growth will continue in 2014 and 2015 with increases of 5.1 percent and 3.8 percent, respectively.

Perhaps it’s a bit of good news for air cargo.

A handwritten signature in black ink that reads "John W. McCurry". The signature is written in a cursive, flowing style.

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## Liege Airport deploys dogs for explosives detection

**L**iege Airport is working on a training center for dogs specialized in explosive detection.

The airport is launching the project with its subsidiary Liege Airport Security and the company Securitas.

The kennels are situated right next to the airport, allowing quick response at any time of day or night.

The airport and Liege Airport Security also plan to set up a specialized cargo control team of dog-handler security officers, giving 24-hour availability onsite.

"This organization, combined with the proximity of the new kennels, will certainly be another point in favor of our operators, since it will offer the following advantages: a very high level of control effectiveness by the dogs, availability 24 hours a day, very brief operating times, reduction of costs for all concerned, knowledge of the site and the specific needs of Liege Airport users, centralized management in the case of detection, etc.," Luc Partoune, managing director of Liege Airport, said.

Dogs are more flexible in detecting explosives placed in air cargo than what airports previously used: X-ray machines. With an X-ray, each pallet of freight had to go through the scanner, so everything had to be carried to and from the machine.

A dog will go to the freight, making detection more rapid.

Explosive-detecting dogs were first used at Schiphol Airport in 2005.

Liege Airport is also applying to Belgian authorities for a license to develop a second control method using dogs. This second method entails

taking air samples in large bulk and having them analyzed by specially trained dogs, which is already used in several European airports such as Paris-Charles de Gaulle and Schiphol. **ACW**



## AV Cargo seeks revival with focus on West Africa

**T**he colluded dynamics of lower utilization and higher cash flow are key to the revival of AV Cargo. It's a bold move by the British-managed cargo carrier to try and put distance between itself and its previously failed sales operation, Avient Ltd, now languishing in administration.

To that end, the freshly rebranded AV Cargo took delivery of its second MD-11F in July, with the intention to place it in service by September. It will join the earlier intake of a stable mate MD-11F, which arrived in May. Both aircraft are on lease from Boeing Capital Corp.

A third aircraft will join the fleet in November, according to Simon Clarke, CEO for the new outfit.

"This will be the existing MD-11F from the former Avient fleet, which we look forward to putting back into service," he says.

The aircraft has been parked at Zurich Airport in

Switzerland for some months awaiting heavy maintenance.

"Unfortunately, this aircraft has been caught up in the administration situation, so it has taken some time to clari-

fy a number of issues," Clarke says.

It appears that Avient's other remaining aircraft, a lone DC-10F, has also been grounded at Liege Airport in Belgium for similar reasons. It, however, faces a lowlier fate, having recently shipped out on its final flight to the U.S. and the junkyard.

With a complete, newly-livered fleet soon to be in place, Clarke confirms that the airline intends to focus its attention on West Africa.

"It is a market which is holding up well and one which we believe can provide strong returns," Clarke says. "We have already established service on a number of routes, and the additional capacity will enable us to add frequency and other points to the network."

AV Cargo is now operating twice per week to Bamako, Mali, three times to Lagos, Nigeria, and has added Monrovia, Liberia to complement the services to Port Harcourt, Nigeria; Pointe Noire, Republic of the Congo; Ouagadougou, Burkina Faso and Freetown, Sierra Leone.

Low ambition appears to be the stated goal of the new carrier, as Clarke is keen to explain.

"We intend to keep it very simple and have no great ambitious plans in the pipeline," he says. "That was probably a contributory factor in



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the previous operation, which was eventually overwhelmed by its overheads.”

The business model adopted by Clarke calls for a close alignment between low aircraft utilization and tighter control over cash flow.

“If we look back to three years ago, the leasing cost on a MD-11F was around \$400,000 a month,” says Clarke. “That meant that you had to operate at least 300 flying hours a month to make a return.”

Since then, leasing costs on MD-11Fs have dropped dramatically.

“That puts us in a different situation today,” Clarke says. “It means we can operate just as effectively, without having to chase so many flying hours.”

That said, Clarke says he expects to see a 60-40 split between scheduled and charter business generated by the new operation.

“The expanded fleet and lower utilization needs will enable us to be far more flexible in meeting the demands of both market segments,” he says.

As to the issue of cash flow, Clarke obliquely refers to what he describes as a “funding mechanism” designed to ensure that revenue receipts reach the airline more effectively and quickly.

AV Cargo is believed to be working closely with ECS, the leading cargo sales agent in the West Africa market, to put into effect this fast-track funding mechanism.

Contrary to industry rumors, Clarke confirms that Liege Airport in Belgium will remain AV Cargo’s operational hub in Europe – despite the fact that the airport operating company is listed as one of Avient Ltd’s creditors.

“Liege has shown us strong support throughout our recent difficulties and are keen to see AV Cargo become successful,” Clarke says.

That appears to be the collective mantra of Avient’s other creditors.

When Avient Ltd, the sales arm of Avient Aviation, went bankrupt earlier this year, it was with a reported debt burden in excess of US\$30 million. There has been discussion and denial of the true extent of the company’s financial state of affairs, made all the more difficult because its accounting records had not been updated for more than a year. Along the way, 18 staffers at Avient Ltd lost their jobs.

To try and retrieve the situation and in an effort to placate creditors, Portland Business and Financial Solutions, the company’s administrators, have developed a formula allowing AV Cargo to

emerge from the ashes of Avient Ltd, and, hopefully, provide an eventual financial return for creditors.

All of which is not what Clarke envisioned as being the situation when he and technical director Neil Glover took over responsibility for running Avient at the start of the year. This followed the decision by co-founders husband-and-wife-team Andrew and Samantha Smith to retire from the business. Ownership of the company was passed to the two senior managers for what is said to have been a nominal sum.

Although Avient was based and managed from the rural English idyll of Wiltshire, its heritage remains that of a Zimbabwe-registered airline.

Despite covering the role of CEO of the former operation, it is said that Clarke and his new co-director were shocked at the true extent of Avient Ltd’s financial predicament. With creditors bearing down on them, about to force the company to cease trading, the duo had no alternative but to file bankruptcy.

The creation of AV Cargo, of which Clarke and Glover are the two major shareholders, was seen as a means of raising new finance, injecting fresh capacity and providing some payback for creditors. Time will tell if it will work. **ACW**

## Fraport-owned airports see rise in cargo

**F**rankfurt Airport’s cargo traffic rose in June and for the first half of 2013.

In June, it increased by 2.7 percent year over year to almost 185,000 tonnes.

Traffic in the first half of 2013 continued to be affected by the consolidation of various airlines at Frankfurt and a variety of weather and strike-related flight cancellations. While the number of passengers slipped by 1 percent, cargo tonnage was up about 1 percent, according to

figures for the first half of the year.

Fraport, the transport company that operates Frankfurt Airport, also majority-owns Antalya in Turkey, Lima in Peru and Burgas and Varna in Bulgaria. In June, these airports, along with Frankfurt, handled a combined total of 205,119 tonnes of cargo, up almost 2 percent.

From January to June, cargo



activity grew by 1.2 percent to about 1.15 million tonnes. **ACW**

## Air France-KLM-Martinair netting fuel savings

**H**igh-tech textile products continue to be utilized by the aviation sector in efforts to reduce fuel costs. One of the latest is a new lightweight cargo net currently being deployed by Air France-KLM-Martinair Cargo. The netting is manufactured by AmSafe Bridport using ultra high molecular polyethylene fiber manufactured by Dutch firm DSM Dyneema and branded as Dyneema.



*High-tech cargo netting will help reduce fuel costs.*

Air France-KLM-Martinair Cargo says usage of the new nets will cut tonnes from its annual aircraft carbon dioxide emission and that one new made with Dyneema will save the airline more than 210 gallons of kerosene fuel per year. That translates to more than 2.5 tonnes less CO<sub>2</sub> emissions per net per year. The first nets were officially handed over to the airline at Schiphol airport in Amsterdam on Tuesday.

Air France-KLM-Martinair Cargo is the first major airline to commit to replacing all of its cargo pallet nets, normally made with polyester fiber, with lightweight nets made with Dyneema. The three companies have been collaborating on development and testing of the nets for several years. The end result is a net that weighs around 9 kg. (19.8 lbs.), half the weight of a polyester net.

The deployment of the new nets won't be a quick process. Air France-KLM-Martinair spokesman Jean-Claude

Raynaud says the cargo group has about 20,000 pallets to be reequipped and the process will take a few months.

"We are proud to be the first major airline group to introduce light weight nets with Dyneema," said Camiel Eurlings, CEO of KLM. "At Air France-KLM, we are fully committed to reduce our carbon footprint, and our efforts are being recognized. For the eighth

year running, Air France KLM has come out at the top of the Dow Jones Sustainability Index in the airline sector. Weight reduction on board our aircraft is an important part of those efforts. These lightweight nets can lead to important reductions in greenhouse gas emissions, and are the latest in a series of efforts we are taking to reduce our carbon footprint." **ACW**

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# Changi Airport C

names FedEx Express Partner c



*FedEx's South Pacific Regional Hub at Changi Airport*

# Group of the Year

Changi Airport congratulates FedEx Express for their well-deserved Partner of the Year award at the Changi Airline Awards 2013. FedEx has grown and strengthened Changi Airport's air hub status, and enhanced Changi's express cargo handling capability and capacity.

FedEx has contributed extensively to strengthening Changi's position as a regional air cargo hub, with the completion of FedEx's South Pacific Regional Hub at Changi Airport in October 2012 being the most significant milestone in the partnership between Changi Airport Group (CAG) and FedEx. Thanks to FedEx, Changi now houses the first and only express transportation facility in Singapore, and the largest FedEx consolidated facility with air, ground and clearance operations under one roof in Asia Pacific.

## A partnership of efficiency

Within the FedEx South Pacific regional Hub, the new fully automated high-speed sorting system can sort up to 12,000 packages per hour, increasing throughput by 100%. In addition, FedEx has also deployed its newest B777F aircraft to Changi Airport, increasing weekly capacity from Singapore to the FedEx Super Hub in Memphis by 25%. These are just some of the few ways Changi has benefitted from a successful collaboration with FedEx.

In support of FedEx's operations, CAG has constructed two new parking bays next to the FedEx facility, reducing the total time taken for a container to go from aircraft to sort belt to four minutes, a fifth of the time it used to take. Additionally, CAG has worked closely with FedEx, to ensure smooth traffic flow for the 212 FedEx vehicles leaving the FedEx hub, even during peak hours.

As the world's largest express transportation company with delivery capabilities to more than 220 countries and territories, FedEx has further enhanced Changi's connectivity with its 34 weekly flights in and out of Singapore. This is the highest number of dedicated flights for any international express company operating its own flights to Asian and US destinations. Furthermore, being the chosen transshipment point for FedEx's Asia Pacific shipments in and out of Australia, New Zealand and Southeast Asian countries, Changi has truly become Australasia and SEA's shipment gateway to the world.

Working with FedEx has enhanced Changi's air hub status, positioning Singapore as the region's leading express hub. CAG values FedEx as an important business partner, and will continue to support its growth at Changi Airport.



(L-R) Mr Khoo Seng Thiam, Managing Director, FedEx Express Singapore accepting the award from Mr Lui Tuck Yew, Minister for Transport

## The Partner of the Year Award

Launched in 2010, the Partner of the Year Award honors key Changi Airport Group partner(s) that, through collaboration, have made a substantial contribution to the growth and development of Changi Airport's air hub.

## FedEx Express

FedEx Express is the world's largest express transportation company, providing fast and reliable delivery to every U.S. address and to more than 220 countries and territories. FedEx Express uses a global air-and-ground network to speed delivery of time-sensitive shipments, by a definite time and date with a money-back guarantee\*

\*Subject to relevant terms and conditions

## Singapore Changi Airport

Changi Airport is one of the world's top 10 largest cargo airports based on international freight volume, serving 100 airlines that fly to more than 250 cities in about 60 countries and territories worldwide. As home to 22 airlines with full freighter services, Changi Airport offers customers strong connectivity to key regional and emerging markets.

## Cargolux expands into Oman

**C**argolux Airlines added Muscat, Oman as a new cargo destination. Cargolux uses its Boeing 747-8 freighters on the route. Muscat is the 79th Cargolux destination served with its 747-8.

In 2012, Oman announced the transformation of Muscat International Airport into an international gateway and air-freight logistics hub and the construction of a new cargo terminal. The construction, stretched over three phases, includes an increase in warehouse space.

"The direct service to Oman will be launched to meet customer demand on the back of the country's economic expansion and diversification and a sustained need for oil and gas equipment and spare parts," Domenico Ceci, Cargolux vice president Europe, Middle East and Central Asia, said. "Other import commodities on



Cargolux's Muscat flights include perishables, live animals and general cargo."

Cargolux's 747 freighters are equipped with a cargo nose door for the transport of heavy and outsize items.

"Oman Airports Management Company, the owner and operator of Muscat International Airport, notes that Cargolux will benefit from and contribute to the fast growing Muscat cargo market, which has increased more than 70 percent since 2008," Peter Hoslin, senior manager airline marketing Oman Airports Management Company, said. "We saw a strong 15-percent growth in 2012 and expect the positive trend to continue in 2013."

With the new direct cargo service to Muscat, Cargolux is no longer constrained by limitations in trucking services from other airports in the region, especially in the transportation of dangerous goods. **ACW**



## Etihad Cargo eyes growth

*By John W. McCurry*

**E**tihad Cargo continues to record strong growth and the carrier projects that to continue – propelled by new freighters and routes. Cargo grew by 23 percent during the first half 2013 with an uplift of 215,124 tonnes.

"Our growth to date is similar to what we achieved last year and we don't see reason why that can't continue," David Kerr, Etihad's vice president of cargo, says in a recent interview with Air Cargo World. "We are putting in a stream of investments that provide opportunities for our customers."

In June, Etihad took delivery of three new freighters – one Airbus A330-200F, one Boeing 777-200F and the company's first Boeing 747-8F, which was wet leased from Atlas Air – taking the cargo fleet to nine. A 10th freighter, another A330, will be added next May.

"We are taking three freighters across the range of payload," Kerr says. "We will have the first -8F that we will operate in our own colors."

Kerr says new routes, including a new round-the-world routing, bode well for the future. The round-the-world freighter routing is in conjunc-

tion with Atlas Air Worldwide. It started at the end of May and connects Etihad's Abu Dhabi hub with destinations in Asia, the U.S., South America and Europe.

New routes include twice-a-week flights to Sydney and Sao Paulo.

"We are adding breadth and depth to our market," Kerr says. "We are adding capacity in markets that are growing."

Abu Dhabi's location, in the center of east-west and north-south trade lanes, is helping propel the airline's growth, Kerr says. He anticipates more growth in Africa where Etihad already has a strong presence.

"The China-to-India market is strong for us, and we see that as continuing to be strong," he says.

Perishables is a thriving market, particularly out of Africa and Australia. The oil and gas sector in the region is another source of growth. Etihad has a twice-weekly service from Houston supplying this market.

Kerr sees Etihad's major challenges as staying focused on its customer base and understanding its needs. Anticipated growth will likely require even more freighters by the end of the

decade, he says.

"Today, we are around 20 percent of the airline's revenues and about 45 percent of our capacity is on freighters," Kerr says. "In order to maintain

that growth, we will need to take on new capacity by the end of the decade. We are open to partnerships as well."

Cargo will also benefit from a growing number of alliances includ-

ing those with Air Berlin and Ireland-based Aer Lingus. Etihad also recently took a 24-percent stake in India's Jet Airways, which is awaiting regulatory approval. **ACW**

## Emirates begins cargo terminal construction

**C**onstruction has begun on Emirates SkyCargo's new cargo terminal and facilities at Dubai World Central Al Maktoum International Airport, which is set to become the home of its freighter operations in May 2014.

Freighter operations are moving to Al Maktoum Airport from Dubai International Airport.

In addition to the cargo terminal, various facilities will be built, including 46 truck docks, 80 truck parking spaces and 12 aircraft stands directly in front of the terminal.

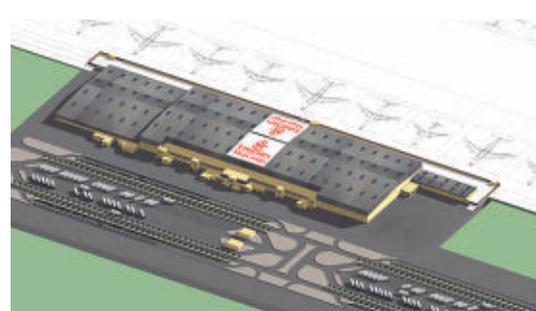
Amana Steel Buildings Contracting, a construction company, was awarded the contract and recently started with the foundation work for the cargo terminal. The first phase will be completed in December.

Following the completion of the first phase, the cargo handling system and the interior will be fitted, with the first section to be delivered to

Emirates SkyCargo by the beginning of April 2014 and full completion by mid-September.

Emirates SkyCargo operates a freighter fleet of 10 aircraft, eight Boeing 777Fs and two Boeing 747-400ERFs, that will all move to the airport. Dedicated road feeder services between the two airports for connecting cargo will be introduced.

"The planned move of our freighter operations from Dubai International Airport to Dubai World Central Al Maktoum International Airport is the next step in Emirates SkyCargo's overall expansion and growth program. It provides us with a brand new facility for our freighter operations and will increase capacity and enable us to meet our long-term objectives," Nabil Sultan, Emirates divisional senior vice president, cargo, said. "While the site is being developed, it remains business as usual for us. We are working very closely with



Dubai Airports to ensure a smooth transition of our freighter operations. The move does not include passenger fleet belly cargo operations, which will continue to operate from Dubai International Airport."

The terminal will have an initial capacity of 700,000 tonnes of cargo per year. It also provides Emirates SkyCargo with the space to have a larger perishables handling area, with a dedicated pharmaceutical storage area, allowing it to expand its cool chain services. **ACW**

## Ethiopian partners with Malawian Air

**E**thiopian Airlines, the fastest growing airline in Africa, announced that it has become the strategic partner of the new Malawian Air with 49 percent equity shareholding. The remaining 51 percent of the shares will be held by the Malawian Government and Malawian private investors.

The partnership with Malawi Airlines is part of the airline's Ethiopian Vision 2025 strategic roadmap of setting up multiple hubs in Africa. Through this strategic partnership with Mala-

wian Air, Lilongwe will become Ethiopian's third hub on the continent after its main hub in Addis Ababa and its West Africa hub in Lomé.

"This new agreement we have just signed with the Government of Malawi is a model for the type of African cooperation that is needed in the 21st century," said Tewolde Gebremariam, CEO of Ethiopian. "It is a win-win partnership aimed at enabling the success of African aviation in a capital intensive, skill-driven and highly competitive industry.

"Today, Africa is booming and, with the economic growth of our continent, demand for air travel is also growing at a much faster pace than the global average. This growing demand and the uneven competition from foreign carriers, which currently dominate the African market, cannot be overcome by one single African airline. For indigenous African airlines to succeed and get their fair share of the market, partnerships between African airlines are a must." **ACW**

## Qantas adds freighter service; clarifies shark fin policy

**Q**antas Freight introduced a weekly freight service between Australia and Papua New Guinea.

The flight between Cairns, Australia; Brisbane, Australia and Port Moresby, Papua New Guinea will be operated by a Boeing 737-300F, offering 15 tonnes of cargo capacity each way.

Qantas Freight executive manager Lisa Brock said the export market between Australia and Papua New Guinea is strong and the new freighter service would provide much needed capacity on the route.

"This is a popular freight route with increasing volumes of freight in both directions, particularly for seafood, general cargo, mining equipment and machinery," Brock said. "Our new service provides greater flexibility for our customers, and the B737-300 aircraft allows us to carry oversize freight on the main deck."

The B737-300F will come from Qantas Freight's existing fleet with additional flying time made possible through scheduling. The freighter service will operate each Saturday.

In May, Qantas introduced a policy banning the carriage of shark fins, according to an announcement distributed Sunday by Qantas.

"Qantas does not carry any shark fin on its flights. This restriction has been put in place to avoid participation in the supply chain of shark fins that have been sourced through the unacceptable process of finning," Brock said. "Qantas Freight still carries processed shark products, including chilled or frozen meats and oils, which have appropriate export permits in place."

Other airlines have also recently stopped carrying shark fins. [ACW](#)



## Incheon shifts into next expansion phase

**T**he new man at the helm of Incheon International Airport Corp. (IIAC) is not wasting time. Chang-Soo Jung, who previously served as vice minister of land, transportation and maritime affairs in the South Korean government, started as president and CEO of IIAC in early June. In an exclusive interview with Air Cargo World, he outlines his vision for the airport's future and imminent plans for development aimed at boosting its role as a key global gateway.

Taking stock of the airport's progress so far, Jung notes that Incheon has fulfilled its objective to establish itself as Northeast Asia's logistics hub, having claimed a top-two spot in the global airport rankings for the past seven years. It hosts 88 airlines with links to 184 destinations. A transshipment rate of 46 percent underscores its hub status, while it is also a strong O/D market, accounting for 20.5 percent of South Korea's trade and 97 percent of the nation's overall air cargo volume.

As far as Jung is concerned, this serves as a launch pad for the next stage of development.

"We feel that now is the right time to prepare for the next 20 years based on the last 20 years of growth we have accomplished," he says.

The largest physical manifestation of this is the imminent construction of a second passenger terminal with

a footprint of 4.1 million square feet (384,000 square meters), which is due to open before the 2018 Winter Olympics in Pyeongchang. This will push Incheon's cargo capacity to 5.8 million tonnes.

Cargo development will concentrate on four key planks. The first of these is the development of new markets, notably routes to the Middle East that can create steady cargo volumes, and links to regional niche markets, notably in China, Russia and Japan.

At the same time, IIAC intends to strengthen its O/D traffic by attracting global manufacturers and high value-added businesses to Incheon's free trade zone. Enhancing the investment environment through the development of differentiated incentives is another strategic focus, while a fourth key measure will be the establishment of dedicated facilities to handle special cargo in the freight terminal and logistics park. Ultimately this should produce the development of a new business model, Jung says.

"We expect the key trend in the airport industry to be that of facilities investment and taking the lead in future growth industries," he says. In order to "proactively respond to future changes in the air cargo business," IIAC will build a logistics center for special cargo, such as hazardous materials, fresh produce and pharmaceuticals, by 2015 as well as a dedicated express facility.

At this point, perishables and pharmaceuticals account for a small fraction of Incheon's throughput (3 percent of the annual volume), but these segments are expected to become core battlegrounds in the competition for cargo down the road, Jung explains.

"Also, with the growth of the e-commerce market, international express cargo is showing an average yearly increase of 8.2 percent and 20 percent in the world and Korea respectively," he adds.

These developments will be supported by improved electronic data flow capabilities.

"We have plans to integrate cargo information, including customs declarations and airport declarations, to reduce logistics and shipping companies' time and cost, but we think it is necessary to discuss these with organizations like customs or airlines first be-

cause security is a very crucial factor," Jung says.

This objective is part of a broader drive towards an advanced airport concept at IAAC. Jung and his management team see trends toward "smart" and green airports with cutting edge IT and green designs.

On the passenger side, this will lead to a cutting edge system that enables an automated arrival and departure system with elements like self check-in, a self-immigration clearance system and an auto departure gate using passport and biometric recognition technology.

Jung's plans for cargo extend beyond pure air cargo aspects. One strategic plank there is the development of a multimodal system that links ports and surface transportation modes with an integrated IT platform. At this point, the primary focus is on sea-air traffic

"Incheon Airport is located very



Chang-Soo Jung

close to western China," Jung says. "Companies such as Sony, Samsung, LG and Foxconn have their manufacturing bases in China, and they are able to optimize their supply chain management through using sea-air transportation via Incheon."

His desire to reach beyond pure airfreight elements also comes into play with regard to its ultimate user base - shippers. Jung would like to see more of them set up shop in Incheon's large FTZ. **ACW**

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## Cargo rebounds at Hong Kong Airport

**C**argo throughput at Hong Kong International Airport rebounded during the fiscal year that ended March 31, the Airport Authority Hong Kong announced.

Total cargo handled rose 2.9 percent to 4.04 million tonnes. HKIA was ranked the world's busiest cargo airport for the third consecutive year.

Passenger throughput and flight movements set new records.

"To cope with the anticipated growth in air traffic in the medium term, 48 new aircraft parking stands in the apron and Midfield area will be commissioned in phases within the next two-and-a-half years," Stanley Hui Hon-chung, CEO of AAHK, said.

AAHK attributed the increase in operating expenses in fiscal year 2012-2013 to inflationary pressures, strong traffic growth and the addi-

tional three-runway system consultancy and other related expenses incurred during the year.

"We are pleased to report another strong financial year in 2012-2013," William Lo Chi-chung, executive director, finance of AAHK, said. "However, we expect that next year's performance could be impacted by the stagnant economy in the Eurozone, the fragile global economic recovery and the gradual withdrawal of quantitative easing measures in the U.S., along with the combination of slower economic growth and liquidity concerns in mainland China's financial sector. We will continue to exercise prudent financial discipline in view of this challenging environment."

Hui said in addition to building the 48 parking stands, the airport is planning to add more stands.



"The faster-than-expected traffic growth underscores the increasingly pressing need to expand HKIA," he said. "We will also implement other capacity enhancement initiatives to optimize the use of existing space and facilitate the smooth movement of passengers, cargo and aircraft. We are committed to addressing our long-term challenges in the most prudent and professional manner." **ACW**

## Asia Pacific airlines see slight pickup in cargo demand

**A**sia Pacific airlines saw marginal improvement in air cargo demand in May, according to the Association of Asia Pacific Airlines' preliminary traffic figures.

International air cargo demand, in freight tonne kilometers, was 0.5 percent above the levels of May 2012. Combined with a 2.2 percent increase in offered freight capacity, the average international air cargo load factor was 1.1 percentage points lower, making it 65.2 percent.

Asia Pacific airlines saw interna-

tional passenger traffic grow by 3.2 percent.

"Overall, during the first five months of the year, Asia Pacific airlines carried a combined total of 88.8 million international passengers, an encouraging 5.2 percent increase compared to the same period last year," Andrew Herdman, AAPA director general, said. "Air cargo demand, on the other hand, has been depressed for the past couple of years. For the first five months of 2013, Asian airlines experienced



a further 2.4 percent decline in air freight traffic volumes, reflecting weak trading conditions in key export markets." **ACW**



## Changi Airport's May cargo dips

**S**ingapore Changi Airport handled 3.5 percent less cargo in May than a year ago.

Changi handled 147,600 tonnes of cargo. On the other hand, passenger movements grew by 4.7 percent.

From January to May 2013, airfreight shipments dipped 2.4 percent to 727,100 tonnes compared with the same period in 2012. **ACW**



## Houston's Ellington Airport takes leap into cargo

*By Adina Solomon*

**E**llington Airport in Houston has an unusual advantage, according to Mark Witte, vice president for design and construction at real estate firm J.A. Billipp Company.

"It does not have air cargo operations presently," Witte, one of the firm's principals, says. "That is what we see as so beneficial."

J.A. Billipp is developing air cargo and aviation-related facilities on a 37-acre area adjacent to Ellington. Though the land is on private property, the company is working with the support of Houston Airport System.

A taxiway lies close to the future cargo facilities, and Ellington has planned up to 50 acres of ramp space in the area that borders J.A. Billipp's property. All buildings will be build-to-suit and available for lease or purchase.

"We can move quickly to meet somebody's needs with a building," Witte says. "Basically, this is raw land

ready to be developed right now."

But why build up freight traffic at Ellington when Houston already has George Bush Intercontinental Airport, which is busy with international cargo?

The answer lies in Ellington's history. The airport was originally set up for military operations, which continue today. It does not have scheduled commercial passenger traffic.

That's why Witte sees Ellington's lack of cargo operations as a positive rather than a hindrance.

"If an air cargo plane wants to land or take off, literally you're not waiting behind however many, a string of a dozen passenger jets to take off," he says.

Because of its military history, Ellington has a 9,000-foot runway that can handle any freighter.

The airport is also fewer than 10 minutes away from Port of Houston's Bayport Terminal seaport and five minutes from major highways. Elling-

## FAA increases co-pilot standards

**F**irst officers who fly for U.S. cargo and passenger airlines must now have six times more flight hours than before.

The U.S. Federal Aviation Administration is increasing the qualification requirements with a rule that requires first officers, also known as co-pilots, to hold an Airline Transport Pilot certificate, requiring 1,500 hours total time as a pilot.

Before, first officers were required to have only a commercial pilot certificate, which entails 250 hours of flight time.

The rule also requires first officers to have an aircraft type rating, which involves additional training and testing specific to the airplanes they fly.

"Safety will be my overriding priority as secretary, so I am especially pleased to mark my first week by announcing a rule that will help us maintain our unparalleled safety record," transportation secretary Anthony Foxx said. "We owe it to the traveling public to have only the most qualified and best trained pilots."

The new regulations stem in part from the crash of Colgan Air 3407 in 2009 and address a congressional mandate to ensure that both pilots and co-pilots receive the ATP certification.

"The rule gives first officers a stronger foundation of aeronautical knowledge and experience before they fly for an air carrier," FAA administrator Michael Huerta said. "With this rule and our efforts to address pilot fatigue – both initiatives championed by the families of Colgan flight 3407 – we're making a safe system even safer."

Other highlights of the rule include a requirement for a pilot to have a minimum of 1,000 flight hours as a co-pilot in air carrier operations prior to serving as a captain for a U.S. airline and improved training requirements for an ATP certificate. **ACW**

ton is south of Houston while Bush Intercontinental is north.

"It's not that this airport would be competing with Bush," Witte says. "This would be just more of an alternative that would allow companies to have an air cargo operation that is much closer to the Port of Houston, that is on the south side of Houston and that doesn't have commuter airlines that are competing for taxiways and runway space."

Ellington also has available foreign-trade zone status.

"If [international shippers] fly product in, warehouse it, put it on another plane, basically if it comes in and then is distributed back out and never leaves the airport, basically it complies with the duty free basis of the foreign trade zone," Witte explains.

Though cargo operations remain stagnant at U.S. airports overall, Witte says he believes that Houston's economy – it's one of the fastest growing in the country – will entice companies into starting cargo operations at Ellington.

The oil and gas industry maintain a strong presence in the city, and fracking and oil drilling have called for more product to enter the Port of Houston.

"Houston's economy will basically allow us to make that hurdle," he says.

Because the facilities will be done on a build-to-suit basis, the construction will be done over time. J.A. Billipp can develop a building for a specific company within a year. Witte estimates that this could amount to US\$60 to \$100 million worth of new

development.

That doesn't include the ramp space that J.A. Billipp offers to add for companies.

"Bringing in air cargo business will bring business into Ellington Airport," Witte says. "It will infuse an economic boom for this portion of area right around, and obviously if we have air cargo companies that are bringing product in, that would translate to that product being shipped out, benefiting trucking companies."

The company is just starting to get word out on this project, but he says he is confident that J.A. Billipp can sell people on the benefits.

"With the runways and the property and the infrastructure that's at Ellington," Witte says, "what is lacking [is] any sort of air cargo." **ACW**

## Pittsburgh gas project could benefit cargo

*By John W. McCurry*

**S**ometime in late 2014, if all goes according to plan, Consol Energy will begin shale gas drilling on 9,000 acres owned by Pittsburgh International Airport. The deal figures to be lucrative for the airport over the 20-year lease and could eventually offer benefits to air cargo in the region.

The airport, which sits in the middle

proved in February. It will also receive 18 percent royalties based on production, which could turn into US\$500 million over 20 years.

When drilling begins, Pittsburgh International will join a growing list of airports leasing land for shale gas drilling. This includes Dallas/Fort Worth International Airport, where drilling began in 2007, and Denver International Airport.

The Consol Energy project in Pittsburgh is now in the midst of an environmental review process. Consol's plan calls for development of six to eight well pads, which are 5-acre-square areas. Eight to 12 wells will be drilled on each pad, which will be on airport property but several hundred feet off to the side of the airport itself.

Brad Penrod, president and chief strategy officer for the Allegheny County Airport Authority, which operates the Pittsburgh Airport, says the drilling project could have some long-term benefits for air cargo operations. He says the oil and gas money

will provide two benefits to air cargo: operating costs for carriers will be reduced, and the funds will allow the airport to improve its infrastructure and build new facilities. Infrastructure improvements could eventually include new taxiway connections to new cargo aprons.

"We know that carriers look closely at operating costs and as we lower their costs, it will help us," Penrod says. "We will give 54 percent of the proceeds back to the airlines in the form of rate reduction. If a flight is on the bubble financially, we envision that will help that."

The remainder of the money will go toward capital improvements or economic development projects at the airport. As the drilling ramps up, there is also likely to be demand for just-in-time, via airfreight, delivery of equipment and critical supplies.

Penrod says the Pittsburgh airport has potential for increased cargo traffic in the coming years.

*(continued on page 19)*



of the Marcellus Shale field, received a US\$45.3 million payment from Consol within an hour of the deal being ap-

(continued from page 18)

“We know we can get products to market a lot quicker,” he says. “We can provide both an air and ground relief valve to the Northeast and will become attractive for cargo.”

Consol will use hydraulic fracturing, or “fracking,” to extract the gas. Fracking is the process of mixing water with sand and chemicals and injecting the mixture at high pressure into a drilled hole to create fractures. This process has been controversial due to perceived environmental issues, but Penrod says everyone involved is proceeding with the environment in mind.

“Consol is based in Western Pennsylvania, and their corporate headquarters is just a 15-minute drive from the airport,” he says. “We share the same backyard, and they are environmentally sensitive about this as are we.” **ACW**

## Huntsville reopens expanded runway

**A**fter a year-long \$27.8-million improvement project, Huntsville International Airport has reopened its west runway and taxiways.

The expanded runway and taxiways can now accommodate Panalpina’s 747-8 freighters, which are classified by the U.S. Federal Aviation Administration as group VI aircraft due to their size.

Air Cargo World reported on the expanded west runway in June.

“Huntsville International Airport is part of a small group of U.S. airports that have been FAA-certified to support these 747-8s,” Carl Gessler, Jr., Huntsville-Madison County Airport Authority (HMCAA) board chairman, said. “We share this distinction with cities like Miami, New York, L.A. and Chicago. Considering the size of our community as compared to the others

on the list, this truly is an accomplishment for our region.”

Huntsville International has already started the process to secure funding for upgrades to the east airfield, which would make the entire airport compatible for the 747-8.

“Most people are amazed to learn that our airport is the 14th largest

international air cargo airport in the U.S., and this is due to our partnership with Panalpina,” Rick Tucker, HMCAA executive director, said. “The new west runway and taxiway system gives Huntsville the infrastructure it needs to continue growth in global transportation and to strengthen the regional economy.” **ACW**

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## Brown broadens European scope

**U**PS is keeping a sharp focus on the cool chain.

Now the delivery giant has acquired a Hungary-based health care logistics company in its continuing push into the sector.

The deal closed in July for the acquisition of CEMELOG. With this company now in its network, UPS covers Central and Eastern Europe better than before, Dirk Van Peteghem, vice president of health care logistics, said.



*Dirk Van Peteghem*

"It's not about just Hungary. Actually, it's not even just about Europe," Van Peteghem said. "It's about a global network for our customers that they can all be served on basically one global integrated platform, an integrated network of facilities and products."

He said CEMELOG was a good fit for UPS's growing network. Ivette Lopez, UPS spokeswoman, says CEMELOG was already set up to distribute across the region, not just Hungary.

"One of the things that CEMELOG was really good at doing is we felt like they were innovators in the field," Lopez explained.

UPS now has 42 health care facilities worldwide, with the latest in Durham, N.C.

The company is also receiving attention in other areas of cool chain logistics. UPS launched Proactive Response Secure, an insurance and risk management service for temperature- and time-sensitive package delivery. It covers products up to the selling price when unexpected events happen and expedited shipping services.

The program first underwent a six-month pilot phase with a handful of companies and is now offered in the U.S. and outbound to Europe.

Van Peteghem said people in control towers monitor packages 24/7, intervening if anything out of the ordinary occurs.

So far, the service is a success, he said.

"Basically we're saying even in case that let's say a weather delay happens – can't really do too much about that – but we can insure you up to the full retail value of your product so you can really rest assured that your product is secure and if anything unavoidable were to happen, then you're insured," Van Peteghem said

— **Adina Solomon**

# COOLNESS COUNTS

## Pharma growth drives cargo facility investment

*By John W. McCurry*

[jmccurry@aircargoworld.com](mailto:jmccurry@aircargoworld.com)

**P**rojected cool chain cargo demands are spurring new investment in airport facilities equipped with the latest technology to keep pharmaceuticals and other perishables at their proper temperatures. One of the more elaborate expansions is in Luxembourg where LuxairCargo has opened a €4 million (US\$5.3 million) Pharma & Healthcare Centre.

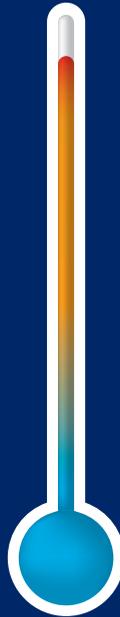
The project was launched following a recommendation from freight forwarder Panalpina, who saw an opportunity to drive increased pharmaceutical cargo through Luxembourg.

"We think there will be increased traffic," Patrick Silverio, manager special services for LuxairCargo, says. "Our customers are very interested in temperature control. Within this facility we have 70 temperature-controlled rack areas where we can store complete aircraft pallets. It has lots of advantages."

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

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*LuxairCargo opened its new Pharma & Healthcare Centre in April.*

*Gustaf Ljunggren*

area of 1,600 sq. meters (17,222 sq. feet) with a storage capacity of 1,270 pallets (Euro pallets) is dedicated to cargo that has to be kept at controlled room temperature between 15°C and 25°C (59°F and 77°F), while 818 sq. meters (8,805 sq. feet) with a storage capacity of 350 pallets is dedicated to cargo that needs to be kept at a temperature between 2°C and 8°C (35.6°F to 46.4°F).

Silverio says LuxairCargo made the investment with pharmaceutical industry growth in mind. The company believes the facility will handle between 25 and 30,000 tonnes annually with the pharmaceutical business expected to grow 7 to 12 percent per year. He says industry reaction to the new facility has been positive, and some have described it as a “masterpiece.”

In the past four years, Panalpina has experienced major growth in temperature-controlled airfreight ship-

ments. In 2012, the number of handled files, volumes and gross profit in health care all grew by more than 20 percent. Health care shipments made up 9 percent of Panalpina’s airfreight tonnage in 2012, compared to 7 percent the year before.

“Having a purpose-built facility makes it easier to keep our customers’ products within the required temperature ranges during off-loading all the way through to build-up and storage of built units,” Helmuth Scholz, head of Panalpina’s gateway in Luxembourg, says.

Another company seeing considerable pharmaceutical growth is IAG Cargo, which broke ground in July on the site of its new, dedicated Constant Climate Centre at its London Heathrow hub. Due for completion in September, it will provide dedicated storage and handling for IAG Cargo’s Passive and Active Constant Climate products and will include two tem-

perature controlled zones – the first maintained at 2-8°C (35.6-46.4°F) and the second maintained at 15-25°C (59-77°F). Once completed, the center will be able to accommodate 28 intact pallet positions or 56 AKE positions at any one time. This will increase IAG Cargo’s capacity at London Heathrow.

Ethiopian Airlines opened its new cold storage facility in Addis Ababa, Ethiopia in March. The warehouse has a receiving, skid storage, palletization and ULD storage area of 3,500 sq. meters (37,674 sq. feet). It has a controlled temperature facility ranging from 2-4°C (35.6-39.2°F). Ethiopian is targeting the perishables market and horticultural products in particular.

## **Envirotainer’s outlook**

Sweden-based cool chain product specialist Envirotainer primarily serves the pharmaceutical sector.



*Panalpina was a driving force behind LuxairCargo's new facility.*

That industry's development has kept the company growing at a nice clip.

"We are well ahead of last year, but it's not really going according to our ambitions and plans," Gustaf Ljunggren, Envirotainer's CEO, says. "Overall, business is good and we expect growth to continue over the next five years, but there are absolutely some challenges we need to address in one way or another."

Among those challenges is the ongoing modal shift to oceanfreight, which is affecting the entire airfreight sector.

"Pharma companies are looking for a simpler, cheaper solution for products that can be treated in that way, by going by sea," Ljunggren says, adding that cost awareness is the biggest trend in the industry. "Our customers are making sure they are adding value to what they do. That doesn't always mean the cheapest solution since we are the premium product."

Envirotainer's R&D program is two-pronged with products and surrounding services offered before, during and after shipment being developed in parallel.

"We always start in the marketplace, listening to our customers and our airline, forwarder and integrator partners," Ljunggren says. "We want to understand their needs and get their insight and find out how do they look into their crystal ball. We want to know their marketing requirements and their specifications.

**"We are well ahead of last year, but it's not really going according to our ambitions and plans."**

**— Gustaf Ljunggren, Envirotainer's CEO**

Then we start the whole R&D process."

Envirotainer, which employs about 150 people, assembles all of its containers in Sweden. Ljunggren expects the company's staff to grow along with its business.

"Our ambition is to lead the market," Ljunggren says. "We want to be very much in the forefront in developing products and solutions. Growth for us is coming from a few different angles. One is our current customers and markets where we see underlying growth in the pharmaceutical industry. We will grow together with our customers."

Growth will also come as Envirotainer follows its customers into new markets. And there's always the potential for growth via acquisitions, Ljunggren says.

"There could be other industries that would request our solutions

for tomorrow," he says. "We have some other perishables, some fine food, high-tech products and we will continue to look to see what is manageable. The challenge is what kind of solutions they need and are they prepared to pay for it. We haven't closed the door on new markets, but we are fully occupied with the pharmaceutical market." **ACW**

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## NARROW-BODIES PACE CONVERSION MARKET

*By John W. McCurry*  
 jmccurry@aircargoworld.com

The business climate for passenger to freighter conversions depends on the type of conversions. While wide-body conversions have slowed to a trickle, business is brisk for converters of narrow-bodies.

One company riding the wave of strong narrow-body demand is Tampa, Fla.-based PEMCO World Air Services.

“The situation is different between narrow and wide-body, and we are fortunate to be in the small, narrow-body position,” Kevin Casey, president of PEMCO, says. “Wide-bodies are parked all over the place. Fortunately on the 737 end of the game, we are in a sweet spot. It’s a function of the circumstances of the fleet we are replacing.”

Casey says PEMCO is enjoying a lot of activity in the 737-400 and 737-200 business as a result of improving economies in Asia, Africa and Brazil.

“There is a demand for regional freighter fleets, both for outbound from manufacturing centers to distant points, as well as a growing middle class that is demanding high value goods,” Casey says. “China continues to be popular. Brazil is heating up, and we are getting more orders out of Africa.

Airplanes that we convert are used in areas without good roadways and topography that prevents efficient movement of goods by surface, whether by rail or river.”

Casey projects that PEMCO will convert 18 to 24 planes this year. PEMCO has demand in excess of that number, but it does not have the capacity to fill all of its potential orders.

PEMCO performs its conversions at its Tampa headquarters and at two facilities operated by HAECO in Jinan and Xiamen, China.

To meet the growing demand, PEMCO plans to open two more manufacturing sites in the Americas at sites to be announced later this year. The facilities, which will take about two months to ramp up, have been in the planning stage for about two years.

“The gains we have made have come in penetrating new markets,” Casey says. “Many are geographically proximate to North America and culturally similar to the Americas region. Demand is quite high at the moment and for good reasons. Each aircraft can generate US\$4-5 million per year in freight yield. We know this from operations that disclose those figures.”

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*Tampa-based PEMCO's narrow-body business is thriving.*

PEMCO also is a leader in combi products and has been building some 737 special mission aircraft for the U.S. Department of Energy in partnership with AAR, an aviation support company.

“Our product is perhaps less expensive than the other guy’s,” Casey says. “We’ve been able to hold costs down by developing an effective supply chain. We’ve held our prices for several years. The people that buy our product get great reliability, and they are making money with it.”

## Slow times for wide-bodies

Boeing and EADS EFW, the freighter conversion division of EADS and a sister company of Airbus, are not so busy these days as they navigate the effects of a tough global economy. However, both firms remain optimistic that the conversion business will cycle upwards in the coming years.

Wolfgang Schmid, vice president of sales, marketing and customer support for EADS EFW, uses the phrase “extremely bad” to describe business conditions.

“There actually is now business presently for wide-bodies and for large aircraft as well,” Schmid says. “The reason is we face an overcapacity of ready-made and converted freighters. There’s 10 to 30 percent overcapacity. A lot has transferred

from freighters to belly.”

But Schmid remains optimistic. A lot of aircraft will be replaced in the coming years, he says.

“Of course, we expect some growth in the business as well. More cargo will go on the bellies of low-cost carriers, and other carriers will use cargo to balance their financial results. The airfreight market will rise again, I am sure.”

Another reason for Schmid’s optimism is the new Airbus A330 conversion program being developed with ST Aerospace, an airframe MRO provider.

“We are very optimistic that after 2016, we will have a good echo on our new A330 program which will replace wide-bodies,” Schmid says. “It will be used as a regional freighter and an upgrade replacement. That is our expectation. Nobody is really talking about buying aircraft now, but we have requests for 2016 and 2017, and that supports my optimism. We don’t have contracts yet and everybody is still waiting, but that is not unusual. A conversion program is a short-term thing. Customers don’t order three or four years ahead like they do new aircraft.”

EADS EFW completed and delivered six conversions during the first half of the year, and Schmid says that will be it for 2013. The Dresden-based company recently completed



*EADS EFW hopes its conversion business will pick up in the coming years as planes are replaced.*



PEMCO plans to add two new conversion centers in the Americas this year.

an 18-aircraft program for DHL. In the meantime, EADS EFW will keep busy with aircraft maintenance.

Boeing has delivered one conversion this year: a 767-300 ER for Guggenheim Aviation Partners, which is part of a three-aircraft program. Another will be completed by the end of 2013, and the final conversion is scheduled for 2014.

Brian Hermesmeyer, Boeing's product marketing director for freighter conversions, like Schmid, says the wide-body conversion market has been hit hard by the global economic downturn.

"747-400 conversions used on long-haul routes is an example," Hermesmeyer says. "As those trade lanes have gotten thinner over the last couple of years, those aircraft have found themselves parked. Demand has evaporated for now."

The medium-wide market has also been hit by the same economic factors, Hermesmeyer says.

"The reason we are seeing narrow-body markets strengthen like they are is that a lot of emerging markets have had an explosion in their domestic cargo markets," Hermesmeyer says. "Africa is an example. A narrow aircraft is a great fit to get companies rolling and then they can transition to a larger aircraft."

Hemesmeyer believes there will always be a market for conversion and that segments that are down will

rebound.

"I am bullish on the conversion market," Hermesmeyer says. "Historically, roughly two-thirds of freighters have come from aircraft conversion. We have a strong order book for new-build aircraft. I see the 767 becoming stron-

ger as time goes on as some of the regional markets like Southeast Asia, Brazil and Africa mature. In the near term, we have the strength of narrow-bodies. Conversions are certainly here to stay and will maintain a historic presence in the marketplace." **ACW**

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# Mexico's economy sprouts wings

By Adina Solomon

asolomon@aircargoworld.com



A United Airlines employee gives water to a dog as part of its pet services to and from Mexico.

**M**exico's economy is evolving. Its GDP has risen over the past few years, and its people are becoming wealthier. Within five years, Mexican factories could produce up to US\$60 billion in output annually, according to the Boston Consulting Group.

The business strategy adviser also reported that in 2012, average manufacturing costs in Mexico, adjusted for productivity, dropped below those of China – and are set to keep dropping. Mexico has 44 free-trade agreements, more than any other country.

Butch Hensley, president of Amado Trucking in Arizona, knows what Mexico's growth looks like.

"Today I'm seeing freeways built where there were cattle trails 10 years ago," Hensley says.

Amado, which trucks to airports in the Southwestern U.S. and Mexico, is the exclusive Mexican handler for ShipHaus, a freight forwarder based at Phoenix-Mesa Gateway Airport in Mesa, Ariz.

"It's incredible," Hensley says. "There's excess of 100 million consumers in Mexico, and that's about 30 percent of what we have in the U.S., so it's a tremendous market."

Tell that to Aeromexico or Lufthansa, American Airlines or United Airlines. These carriers move thousands of tonnes a year between Mexico and the rest of the world.

"If you look at what we're shipping from Mexico, it really runs the gambit," Tony Randgaard, manager of cargo marketing at United Airlines, says. This includes pet and human remains services into and out of Mexico.

The airlines and forwarders interviewed move much of the same cargo to and from Mexico: textiles, consumer electronics, automotive parts, luxury goods and perishables. Many electronics come from Guadalajara, whose nickname is the Silicon Valley of Mexico.

In the last few years, major U.S. manufacturers have been providing the raw materials for electronics to China-based companies, who do part of the manufacturing, Hensley explains. Then the parts come back to the U.S. and go to Mexican companies, who complete the value-added features. The electronics then return to the U.S. under the North American Free Trade Agreement.

Perishables frequently shipped include mangos, lemons, avocados, limes, papaya, herbs and seafood.

"Agribusiness has just grown at an insane rate over the last 10 years," Hensley says.

The array of products goes to places such as Germany, Japan, the U.S. and Canada. Curt Fischer, regional manager for Mexico and Central America for Lufthansa Cargo, says three times as much Lufthansa cargo – 90,000 tonnes a year – goes from Europe to Mexico than vice-versa.

This is because Mexico has a strong import market whereas much of the export industry targets nearby markets in North and South America, says Fischer, who is based in Mexico.

Lufthansa has worked on ramping up its service in the country, serving Mexico City and Guadalajara to Frankfurt.

"Mexico is always full of surprises," Fischer says when asked of hurdles in transporting airfreight.

Benito Juárez International Airport in Mexico City is already crowded and

cannot grow any further.

"Meanwhile, the city has grown all around it," Fischer says. "Mexico City is one of the largest cities in the world, and the airport, which used to be out of the city at one time, is now in the middle, more or less. So there's no way to go any further. There's no way to put in any additional runways, but also within the warehouse area, there is no space for growth."

Fischer says Mexico's drug cartel problem presents security challenges for airlines and shippers.

"Additional security measures always will hinder the free flow of air cargo. So this is something we have to cope with," he says. "Especially also our customers that have to cope with longer handling times."

Antonio Gomez Elorduy, Aeromexico Cargo vice president for the U.S., Asia and Canada, says competition from other carriers and rising fuel costs hurt the airline. He also highlights Aeromexico's move toward E-freight.

"One of the issues that we have is the customs side," Gomez Elorduy says. "There's a lot of things that in Mexico are done with a lot of paper and involving a lot of people in imports and exports, so I think that now that we are one step ahead with the government to try to develop that process with their help. I think it's going to be an improvement in Mexico because we're a little bit late in that – let's say it that way – against the other carriers."

Randgaard of United says the Mexican air cargo market "hasn't jumped into E-freight." He also points out the importance of having specific and precise documentation.

"There's not a lot of tolerance in



Carmen Taylor



Mike Barclay



Curt Fischer



Tony Randgaard

shipping to and from Mexico. You really have to ensure that your import documents, your pet or your human remains permits or certificates, are exact, and you really need a lot of precision, or you're going to experience delays, and our customers are not going to be happy with that," he says. "I think that there's a number of countries around the world that you need to make sure that you've got all your ducks in a row, and certainly Mexico is one of those."

Carmen Taylor, American Airlines managing director for cargo sales for Latin America, and Hensley of Amado Trucking say if you have experience and the proper documentation, it's a fluid process.

"Do I hear about the Mexican Customs holding an important shipment for days and days like I hear in other countries? I haven't heard that in many years," Taylor says. "It's because we have learned to do business."

Mike Barclay, owner and director of business development at ShipHaus, says with the increased flow of goods into and out of Mexico, aircraft will have capacity issues. Some freight will need to sit and wait for additional flights. Barclay and Hensley's plan is to truck freight from northern Mexico to fly out of U.S. airports.

Mexico is a country on the rise – and the airfreight industry knows it. American is looking at Mexico-Seoul service. A few years ago, Lufthansa was flying two freighters into Mexico; now that number has tripled.

"Investments in Mexico are very strong, and they are bound to grow," Fischer says. "We want to be there also to offer air cargo capacity and services as it comes." **ACW**

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# Cargo Chat: Lisa-Marie Turpin

*Lise-Marie Turpin became the vice president of cargo at Air Canada in April 2012. She has worked in the airline's cargo division since 2002. Turpin spoke with Air Cargo World about the industry's emissions debate and Air Canada's technology initiatives.*

## What do you think the ramifications are of the on-going emissions debate for the air cargo industry?

I think this industry takes the issues very seriously and is engaging the various regulatory bodies about it. I think we're trying to build a unified front so that our voice is heard in that we're all looking for reducing emissions. Everybody understands the importance of that, but what are the alternative solutions that are viable today, that are economically viable? ...We're looking for one model that would be agreed upon because what you're having now is you have different states or different areas that are coming up with different standards and different ways of measurement, and we don't have clarity yet on methodology. And there needs to be discussion on how you're going to measure emissions in a standard way, and that's what's missing right now, and that's what's causing confusion. So I think if we as an industry have a stronger voice as we have had with other issues to try and get the attention of government to agree on a methodology of measurement, then we'll be in a good place. And I think that our industry will seek out new ways to reduce CO2 emissions. We're already in that path, and we're probably ahead of a lot of other industries. It's just that how do you do it in an economically viable way? What are the alternatives? And we are going towards greater fuel efficiency. We're going to lighter-weight aircraft. We're going to lighter-weight equipment that we carry in the air. So I think we're doing more than anyone because it's also in our economic interest, beyond environmental interest, to get a handle on this.

## What are the latest technology trends in the air cargo industry?

I think the doors are now open for the e-Airway Bill to take off. In fact, given the fact that we have the multilateral agreement signed off, which is huge – it was probably our biggest stumbling block – so [now] that the path has been cleared, I really feel that from a carrier and from a forwarder perspective, that there's a willingness to get on with it and to embrace e-Airway Bill, which is a really good news item for our industry because it puts us into the data world. It puts into better quality information, better quality data and really drives efficiencies and cost-saving gains... I think we have a good foundation as to what we need to do as an air cargo industry in terms of basics, but one of the things that we need to do is make sure that we're able to provide good quality service...but also at a reduced cost. We need to make sure we're as cost-efficient as possible. And one of the hurdles we need to get over is that right now, we're very labor-intensive, and we're being asked to do more from a regulatory perspective. So on the one

side, our customers are demanding higher level of service from us, which is totally what they should be doing. At the same time, you have the regulatory bodies that are asking us to do more, which adds cost to our cost pile without actually giving us a benefit in our business. It enables us to be secure and safe and to comply to regulatory requirements, but it doesn't really do anything to our profitability. It adds to our cost pile. So as an industry, what do we do? How do we bridge that gap? And I think technology is the way, so we need to find ways that we are going to be more efficient so that our people are engaged in more value-added work as opposed to doing rudimentary transactions that could be done if you had used technology differently.



Turpin

## What is Air Canada doing specifically?

On that front, we're working on three different technologies...While we think we have a good grasp, a good foundation, on moving shipments as booked and arriving on time, we want to make sure...when the shipper or customer tenders the freight and the time that he can pick up the freight, that we're able to shorten those gaps so that the time the freight is in our custody is diminished. So to do that, what do we need to do to our processes, and can you apply certain technology to shorten those times? One example was one product that we've got up and going now called iRamp, which was developed with a vendor called Katlyn. It is a dispatching tool that allows us to manage the way we run freight from our facilities to the aircraft and back again in real time so that we have better use of manpower, better deployment and we actually improve quality of service by having a better view of where the freight is, what is going out, what's coming in and managing that whole dispatch piece...The second one is called iLinks, and this is providing our employees with a very simple, lightweight scanning solution, so it's not revolutionary in itself, but it's the solution that is very low-cost. It's using an Apple device, an iPhone device, that's been stripped of its functionality. We've actually enabled it to interface with our operation system in real time, so as we're scanning, we're real-timing, to our operating system, so there's no delay. It's just greater visibility, real time. It's immediate, and it's very user-friendly, so our employees are favorable to it...The last thing that we've been working on for a number of years and that we've talked about is our [radio-frequency identification] technology, and that we've developed with a company called Franwell, and we're in the very final phases of launching live on our Montreal-Frankfurt route. And this is real time tracking of shipments at the piece level, and this is quite unique. I don't know if anybody else is doing it. And we're going to be using that in combination with iLinks to provide better tracking and real time tracking for all of our shipments.

## AIRLINES

**Andres Osorio** has become the new CFO of **LATAM Airlines Group**, replacing Alejandro de la Fuente, who has held the position for the past 18 years. Osorio has more than 20 years of experience leading financial areas in companies such as Cencosud, where he was CFO for seven years, and Metrogas. He has also been CEO of Empresas Indumotora, a Chilean automobile conglomerate, and is a partner at PricewaterhouseCoopers, a professional services firm in Chile.

**Southern Air** has named **Fred L. deLeeuw** as executive vice president and CFO. Prior to joining Southern Air, deLeeuw served as CFO for AirNet Holdings. Previously, he was president and CEO at Big Sky Airlines and held senior leadership positions at Atlas Air, Vanguard Airlines, Northwest Airlines Corp., Continental Airlines and People Express Airlines.

**Nabil Sultan**, who has held numerous commercial roles in his 20 years with Emirates, has been appointed divisional senior vice president at **Emirates SkyCargo**. He succeeds Ram Menen, who retired in early June. Sultan previously served as divisional senior vice president for revenue optimization and distribution. Thierry Antinori has been named executive vice president and chief commercial officer for Emirates SkyCargo. He has more than 25 years of experience in the aviation industry, joining Emirates in 2011.

**Kenji Hashimoto**, who has been cargo president at **American Airlines** since May 2012, has been promoted to senior vice president, regional carriers. He will have responsibility for all regional carrier flying, including American Eagle Airlines, PSA and Piedmont and regional affiliates that operate as Eagle and US Airways Express. Taking over Hashimoto's cargo president position will be **Jim Butler**, who is managing director, commercial planning and



SULTAN

performance. Butler will report to Suzanne Boda, senior vice president, Asia, Canada, Europe and cargo. She is now US Airways senior vice president, airport customer service, international and cargo.

## ASSOCIATIONS & TRADE GROUPS

The new chairman of **Cargo 2000** is **Max Sauberschwarz** of Kuehne + Nagel. Sauberschwarz, global head of carrier and gateway air logistics, has served as vice chairman of Cargo 2000 for the last three years. He will act as chairman until the annual general meeting of Cargo 2000 in Los Angeles in March 2014 when the board of directors will elect a new chairman and vice chairman. Sauberschwarz succeeds Mattijs ten Brink, who has stepped down after moving from his post as senior vice president sales & distribution for Air France-KLM Cargo to become CEO of Dutch airline Transavia. Air France-KLM Cargo confirmed that Gijsbert Woelders, vice president operations, will take over as the airline's Cargo 2000 representative. In 2012, Cargo 2000 members measured nearly 15 million air cargo shipments against its quality management system.



SAUBERSCHWARZ

## MANUFACTURERS

**Airbus Americas** has named two new members of the management team for its A320 family assembly line in Mobile, Ala. **Mark Smith** has joined Airbus Americas as the manager of health, safety and environment. Smith comes to Airbus Americas from Georgia Pacific where he has served as health and safety manager since 2010. Prior to that, he worked for various companies including Boise Paper, International Paper and the Alabama Department of Environmental Management-Air Division. **Darren Gates** has joined Airbus Americas



SMITH

as facilities manager. Gates will be responsible for oversight and proper functioning of the site services for the assembly line. He comes to Airbus Americas from ThyssenKrupp Stainless USA, where he has been in facilities and operations management roles since 2007. Prior to that, he was with Nucor Steel for three years and Worthington Steel for 15 years.



GATES

**Trip & Co**, a manufacturer and supplier of cargo products, hired **Richard Stoltz** as sales manager worldwide. Stoltz brings with him more than 15 years of experience in the air cargo industry. He was most recently at CargoXL, where he served as senior account manager for four years.



STOLTZ

## THIRD PARTIES

**Pascal Picano** has become head of marketing at **Apollo Aviation Group**, an international aviation asset manager. Picano will be responsible for acquisitions, remarketing and sale of aircraft and engines within the firm's portfolio. Prior to joining Apollo Aviation, Picano was with International Lease Finance Corporation and has previously held senior roles with Sumitomo, GA Telesis and SR Technics.

After six years as president and CEO of **Wallenius Wilhelmsen Logistics**, **Arild B. Iversen** is moving into a new role as consultant to the parent companies and WWL. Christopher J. Connor, who has been deputy CEO and chief commercial officer, will take over as president and CEO. Connor has more than 32 years of experience in the logistics industry. He has held a range of positions in the U.S., Asia and Europe.

**Jettainer**, a partner for outsourced unit load device services, hired two new managers. **Michael-Thomas Popp** is the new director of operations. Popp has



POPPE



NIEDNER

had many years of experience in project management and in development, research and advisory work for the airline and automobile industries. He has worked for Qantas Airways. **Sven Niedner** has become director of information management. He will supervise ongoing development in data management. He has gained experience at medium-sized companies and at Deutsche Telekom.

**Nils Pries Knudsen** has been chosen as head of global cargo services at **Swissport International**. Knudsen

brings more than 30 years of international logistics and transport industry experience to the ground services provider. He joined Swissport International in January 2009 as senior vice president cargo – Europe and will maintain this role until further notice. Knudsen is replacing John Batten, who will leave his Swissport position Aug. 31. Batten is joining Coyne Airways as managing director. Before joining Swissport, Knudsen held various senior positions with SAS Cargo Group, DHL and Maersk.

**Burkhard Eling** took over the finance, legal and tax department at worldwide logistics provider **Dachser**. He succeeds Dieter Truxius, who will remain a member of the company's management until he retires at the end of the year. Eling has served as deputy head of the finance, legal and tax department since 2012. Prior to joining

Dachser, he was CFO at HSG Zander International, now Bilfinger HSG Facility Management, and at Centennial Contractors Enterprises, a U.S. provider of construction services. Truxius held his position since 2008. He is considered to be one of the most prominent German financial experts for family-owned companies.

**CSafe Global**, a producer of mobile refrigeration units for life sciences, health care, military and international disaster relief agencies, appointed **Nadine Siqueland** as vice president of sales. Siqueland has a career that spans 25 years in global medical and health care sales with companies including Medtronic, Stryker, Astra-Zeneca and Pyng Medical. She has driven new business growth, opened new markets and launched new products across many countries and regions. **ACW**

## events

### SEPTEMBER 5-6

**Shanghai:** Freight Forwarding China 2013 will feature a supply chain forum and speakers talking about topics in freight forwarding. The conference is expected to attract 500 attendees. For more information, visit [www.f-f-china.com/](http://www.f-f-china.com/).

### SEPTEMBER 16-19

**Xiamen, China:** The Sino-International Freight Forwarders Conference will mark its 10th anniversary. More than 1,500 freight forwarders will attend this networking event co-organized by the China International Freight Forwarders Association and the World Cargo Alliance. For more information, visit [www.sinoforeignforwardersconference.com](http://www.sinoforeignforwardersconference.com).

### SEPTEMBER 22-25

**San Jose, Calif.:** The ACI-NA Annual Conference and Exhibition allows airport industry professionals to network with leaders in the industry and see the latest products and services. More than 1,700 visitors from more than 100 airports will attend. For more information, visit [www.aci-na.org/event/2419](http://www.aci-na.org/event/2419).

### SEPTEMBER 25-27

**Lisbon, Portugal:** Air Cargo Handling Conference 2013 will be hosted by ANA Aeroportos de Portugal. It is the fifth annual conference. For more information, visit <http://evaint.com/our-events/air-cargo-handling-conference-2013>.

### OCTOBER 5-8

**Las Vegas:** Route development professionals from around the world will gather to discuss the future of air services. For more information, visit [www.routesonline.com/events/160/world-routes-2013/](http://www.routesonline.com/events/160/world-routes-2013/).

### OCTOBER 7-11

**Munich:** SMART Airports is a series of five, one-day conferences about topics such as aviation and economic development, airport security and IT and automation. For more information, visit [www.smart-airports.com/](http://www.smart-airports.com/).

### OCTOBER 8-11

**Munich:** The 19th inter airport Europe is an international exhibition for airport equipment, technology, design and services. About 600 exhibitors from 30 countries will attend. For more information, visit [www.interairport.com/europe](http://www.interairport.com/europe).

### OCTOBER 13-15

**Bangkok:** The Freight Summit brings together hundreds of freight forwarding CEOs and leaders. Members of five different organizations from around the world will participate. For more information, visit [http://thefreightsummit.com/tfs\\_bangkok.php](http://thefreightsummit.com/tfs_bangkok.php).

### OCTOBER 14-16

**Shenzhen, China:** The China International Logistics and Transportation Fair, which debuted in 2006, is a meeting

for people in logistics and transport all over the world. Held by the Ministry of Transport of the PRC and the Shenzhen Municipal People's Government, the fair is expected to receive more than 80,000 attendees. For more information, visit [www.scmfair.com/en/index.html](http://www.scmfair.com/en/index.html).

### OCTOBER 15-19

**Suntec City, Singapore:** FIATA Singapore 2013 brings together freight forwarders to learn and share industry practices. For more information, visit [www.fiata2013.org/site/](http://www.fiata2013.org/site/).

### OCTOBER 16-18

**Singapore:** Air Cargo & Logistics Asia 2013 is a regional trade event for Asia and the Middle East. The international conference, which will be held by the STAT Media Group of India and the VFPR & Media Consultants in Singapore, will focus on air cargo, logistics and e-commerce. For more information, visit [www.acla.asia/](http://www.acla.asia/).

### OCTOBER 28-30

**Baku, Azerbaijan:** The Caspian Air Cargo Summit is the leading air cargo event in Central Asia. There will be a focus on global trends, Russia/CIS/Central Asia market developments and two sessions on oil and gas and airfreight. For more information, visit [www.euroavia.com/caspian](http://www.euroavia.com/caspian).



Ruwantissa Abeyratne is a former senior legal officer at ICAO

## Dead men tell no tales

Let us be morbid for once and steer away from the glamour of air transport.

Just suppose one of us travels by air on mission and dies in a country other than our own. There are no global rules or guidance that dictates the manner in which our remains could be transported back to our country with dignity and care. This matter was highlighted in 2003 before the European Parliament with a real-life example of a British national who died while on holiday in Greece. The Greek authorities had carried out an autopsy that concluded that the deceased tourist had died of a heart attack. When the body was transported back home, the deceased's family had requested a second autopsy, only to find that most of the deceased's organs had been removed in Greece after the autopsy and destroyed, according to Greek law. This caused severe mental distress to the deceased's kin.

The problem is no one has cared enough to address the issue of the carriage of human remains by air at the depth it deserves. Human dignity is an international concept extended both to the living and the dead. The 1948 Universal Declaration of Human Rights of the United Nations – the cornerstone of human dignity – declares that the inherent dignity and the equal and inalienable rights of all humans are the foundations of freedom, justice and peace in the world. This statement establishes human dignity as the conceptual basis for human rights.

Three-quarters of the constitutions of the International Civil Aviation Organization's 191-member countries use the concepts of "human dignity" or "personal dignity" explicitly. It follows therefore that if the remains of a human are not given equal respect and dignity, the moral imperative of the doctrine of human dignity would be rendered meaningless.

In all fairness to the industry, airlines, under the guidance of the International Air Transport Association, have adopted their own principles in carrying human remains with compassion. Most airlines in the world offer services for the transportation of human and cremated remains. These services are varied according to the policies of each airline, but all share a common thread of compassion. Usually, airlines employ specially trained staff to address all

the travel-related issues that may arise when shipping such very sensitive cargo. The tasks assigned to these staff include providing advice on applicable regulations to those seeking the airlines' services, taking into account the responsibility that falls upon the carrier.

At a general level, a certain section of the 1937 Berlin Agreement was the first recorded attempt at the unification of rules relating to the carriage of human remains. The agreement, which applied to the international transport of corpses immediately after decease or exhumation, was designed to avoid the difficulties resulting from differences in regulation. It recognized the necessity of laying down uniform directives for transport of remains.

Coming down to specifics of air transport, the Council of ICAO in 1957 recommended that in addition to the prevailing requirement – that human remains be placed in hermetically-sealed coffins which are enclosed in outside cases – remains should be embalmed prior to being placed in the coffin. IATA further suggested that acceptance of such coffins is dependent upon the type of aircraft, requirements of entry and clearance and prior approval of the countries of origin, transit and destination.

So much for international interest, as there has been no discussion after that. The basic principle that should apply to the handling of human remains must be consistent with the policy of aircraft accident investigations; the country in which the death occurred must act in close consultation with the country of nationality. This would avoid the case of the British tourist who died in Greece.

It is time this important subject is revisited, based on its two dimensions: the health and sanitation aspects of carrying human remains by air, and the rights of the deceased's close relatives to quickly bring his remains home. There is a decidedly serious gap in regulatory consistency in the carriage by air of human remains. **ACW**

*(Editor's note: Ruwantissa Abeyratne has worked in aviation management for 30 years. He is former senior legal officer at the International Civil Aviation Organization where he worked for 23 years. He contributes regular commentary to Air Cargo World on legal issues affecting the industry.)*

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### CARRYING EUROPE

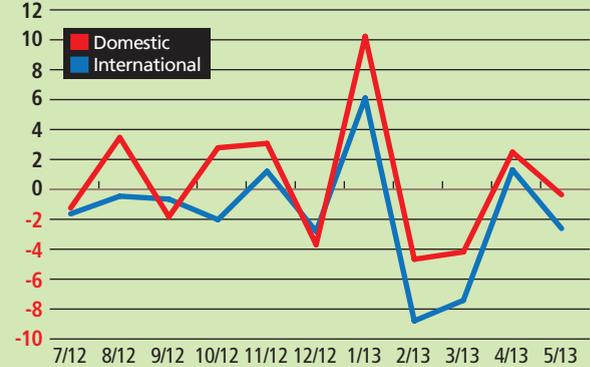
Monthly year-over-year percent change in overall freight traffic and Asia-Pacific freight traffic for European airlines.



Source: Association of European Airlines

### U.S. AIRLINES

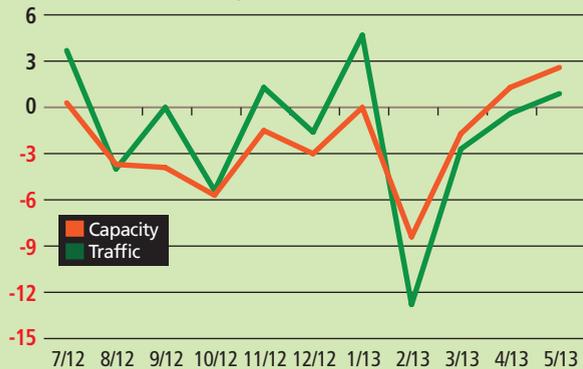
Monthly year-over-year percent change in domestic and international cargo traffic for U.S. airlines.



Source: Airlines for America

### CARRYING ASIA

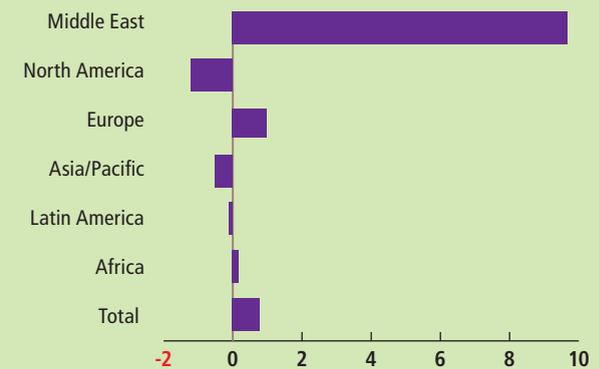
Monthly year-over-year percent change in capacity, in available-tonne kilometers, and traffic, in freight-tonne kilometers, of Asia-Pacific airlines.



Source: Association of Asia Pacific Airlines

### SHARING MARKETS

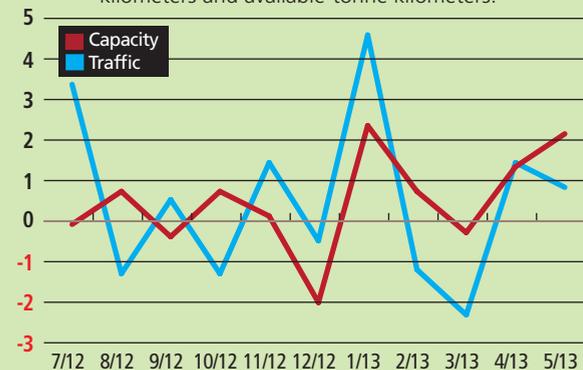
Regional markets total air cargo year-to-date percent change for May 2012 vs. May 2013



Source: IATA

### TOTAL FREIGHT CARRIED

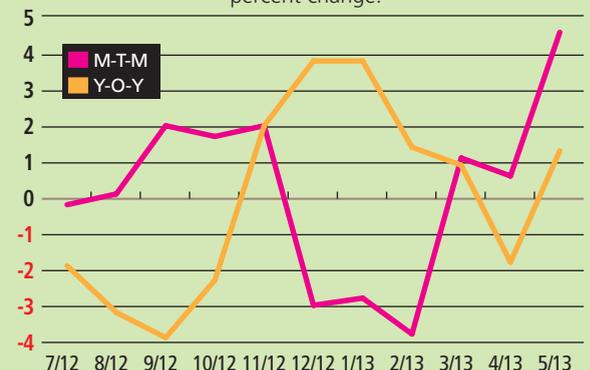
Monthly year-over-year percent change in total scheduled freight traffic and capacity worldwide in freight-tonne kilometers and available-tonne kilometers.



Source: IATA

### SEMICONDUCTORS

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



Source: Semiconductor Industry Association

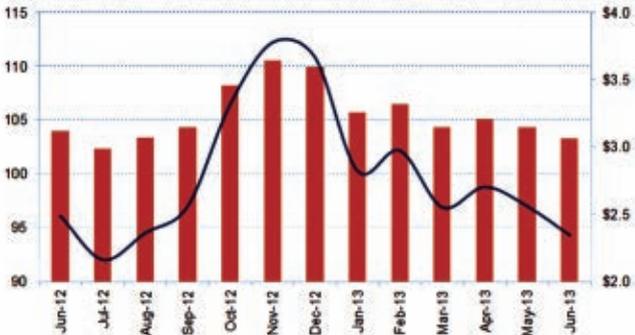
# Drewry: Pricing erodes in June

**D**rewry's East-West Air Freight Price Index, a weighted average of airfreight rates across 21 East-West trades, fell by 2.7 points in June to 94.3 points. Some erosion in pricing was anticipated as the trade entered the high season for passenger demand which tends to depress air cargo load factors. But June's fall brought the index down to its lowest level since it was launched in May 2012.

Pricing retreated most on Asia origin trades into both North America and Europe, assisted in some part by falling fuel surcharges. Backhaul Asian trades and both transatlantic legs were more stable. Drewry expects airfreight pricing to remain under pressure until the end of this holiday season, after which carriers are expected to rein in capacity which should buoy rates.

*(Commentary is provided by Drewry East-West Air Freight Price Index)*

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



Source: Drewry Sea & Air Shipper Insight

*Notes: This index is a weighted average of all-in airfreight "buy rates" paid by forwarders to airlines for standard deferred airport-to-airport airfreight services on 21 major East-West routes. Rates are expressed in \$/kg and include 3 components: the base rate, the fuel surcharge and the security surcharge. They exclude door delivery costs.*



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

## Pushing freight agenda before the government

**W**e know that federal advisory committees are nothing new to Washington, but two focused on freight is unusual. Both have the ear of Congress and the Obama administration. The big question is whether or not they will listen.

In the spirit of full disclosure, it is important to note that I'm appointed to the Department of Commerce's Advisory Committee on Supply Chain Competitiveness (ACSCC) and will gladly accept congratulatory praise or tactful criticism for the revelations revealed herein. A separate group known as the National Freight Advisory Committee sponsored by the Department of Transportation has just started.

The ACSCC began almost two years ago and has 40 members coming from various supply chain stakeholders. These are among the best and the brightest of cargo shippers and intermediaries. Companies including Campbell Soup, Halliburton, Boeing, Pfizer, Menlo and others are represented.

The committees are an outgrowth of the Obama administration's initiative to double U.S. exports in a five-year period that began in 2010. Known as the National Export Initiative, the program has set out to overcome hurdles to entering new markets by removing barriers that hinder exports. So far, the program is on track with exports hitting an all-time record of \$2.2 trillion in 2012, despite weakened European markets.

The ACSCC separates its participants into groups tackling issues related to freight policy, trade and competitiveness, information technology, finance, infrastructure and regulations. Recommendations are due to be released in the fall. Issues from a freight forwarding perspective include the need for faster customs clearance at U.S. borders, improved road infrastructure to support airport cargo access and continued commitment and investment in NextGen, the government's ongoing transformation of the airspace navigation system. Other areas of concern are the effects of newly implemented truck driver hours of service rules and harmonizing air cargo security regulations with other countries.

Forwarders are optimistic that the Obama administration and Congress will heed the advisory committee's recommendations once they are released. But just in case, the Airforwarders Association took these concerns to Capitol Hill recently to make sure Congress listens.

During recent testimony before a special panel convened

by the House Transportation and Infrastructure Committee, Airforwarders Association chairman Richard Fisher stressed the importance of limiting the constantly growing regulatory burden affecting forwarders. In addition to concern about high fuel costs, truck driver shortages and the need for a more rapid shift to electronic shipping document usage, Fisher urged lawmakers to keep U.S. transportation infrastructure strong as ways to meet the nation's ambitious export targets.

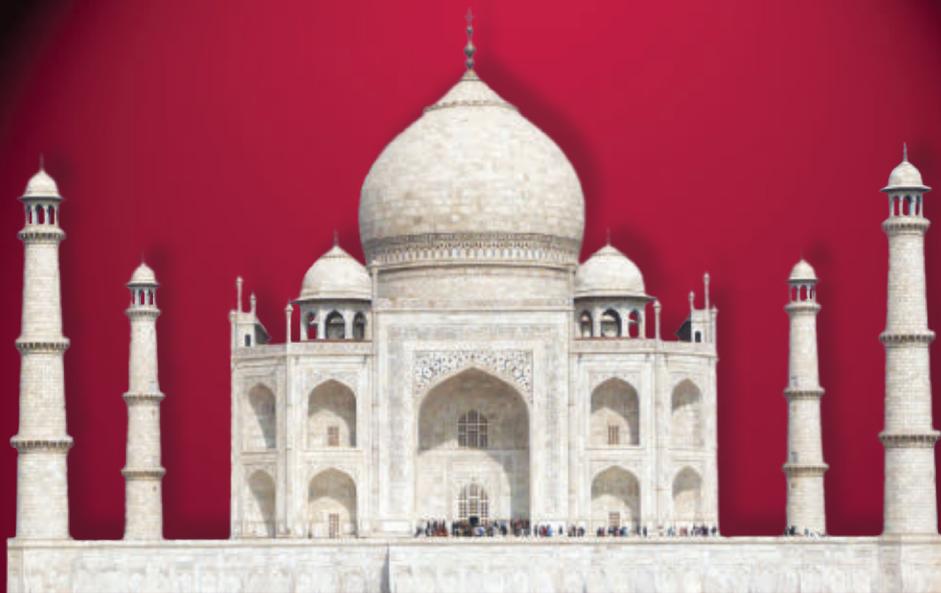
Taking our concerns to Capitol Hill might seem like overkill, but the need for communication with Congress or through active participation on government agency committees never ceases. While some of the committee's working recommendations will only require executive branch authority for completion, others will need congressional approval.

Recruiting highly qualified and experienced transportation professionals to participate within these groups is a smart idea on the part of our federal government. After all, who would know the best way to identify freight transportation obstacles besides those immersed in the system each day? While each member remains hopeful for a positive outcome where agencies, Congress and the president listen and act on committee recommendations, all know the reality of what to expect.

Successful exporting countries tend to have efficient road, rail, airport and regulatory infrastructures. Our nation must develop a long absent freight strategy focused on a cohesive plan unifying states working together in developing these vital areas. Inconsistent state truckload weight limits, varying railroad regulations and insufficient state road infrastructure investment levels only create an irrational freight transportation policy that hinders freight shipping.

Uniting federal and state freight transportation policy is only part of the solution. We need to address how to pay for these requirements through many mechanisms including a gas tax increase, vehicle miles traveled tax or more transfers from the general fund. Before embracing a higher tax that inevitably will result in increased consumer costs for just about everything they buy, there must be assurance that taxes are being invested as intended and not diverted for other purposes. Our government needs to listen to this message loud and clear.

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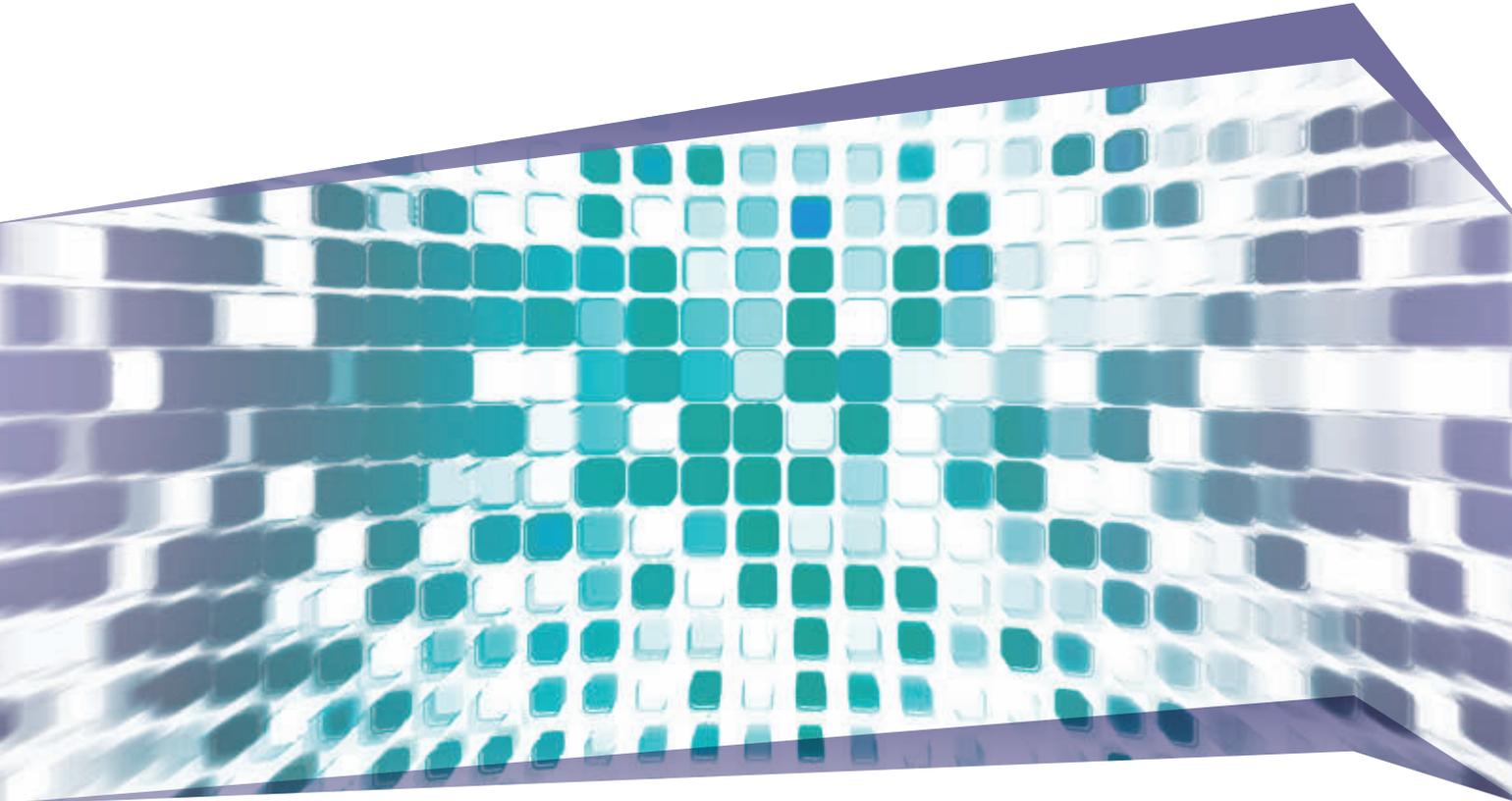
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