

Air Cargo World

THE SOURCE FOR AIRFREIGHT LOGISTICS

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IN CONTROL

THE WORLD'S TOP CARGO AIRPORTS
AND THEIR PLANS FOR THE FUTURE

p.26

FORWARDERS UNFAZED
BY LONG-HAUL EXITS

p.12

BATTLE IN SEATTLE:
ALASKA VS. DELTA

p.16

SUNNY DAYS FOR
CARIBBEAN CARGO

p.32

IS RAIL A THREAT TO AIRFREIGHT?

p.36



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IN CONTROL

THE WORLD'S TOP CARGO AIRPORTS AND THEIR PLANS FOR THE FUTURE

26

News Inside:

- 8** **UpFront**
American Airlines moves a piece of history; Chapman-Freeborn goes rallying, and much more.
- 12** **Asia**
Long-haul service and freighter exits at Thai change the picture in Southeast Asia, but don't dent the market
- 16** **Americas**
A turf war between two domestic carriers helps turn Sea-Tac into a cargo player
- 20** **Europe**
IAG Cargo and Lufthansa stand firm on their divergent strategies to retaining marketshare
- 22** **Africa & Middle East**
UTi Express seeks to turn its fortunes around by introducing a novel e-commerce delivery option

Departments

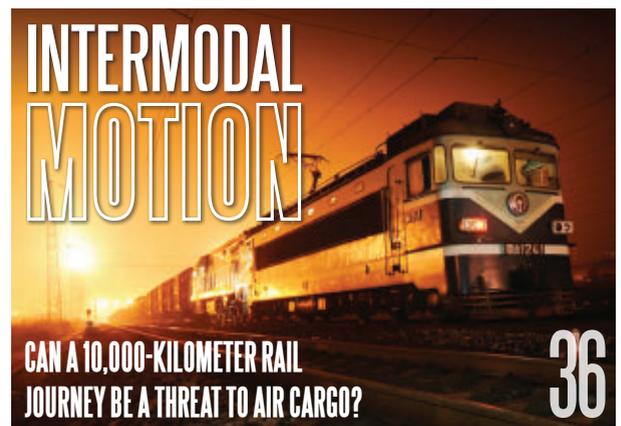
- 6** Editor's Note
- 10** Cargo Chat: Dennis Ilin, AirBridgeCargo Airlines
- 24** People & Places
- 39** Marketplace
- 42** Bottom Line
- 44** Forwarders' Forum
- 45** Events/Advertiser's Index
- 46** Guest Column: Doug Brittin, TIACA



WINGS OF PARADISE

HOW THE CARIBBEAN IS POSITIONING ITSELF AS A CARGO GATEWAY

32



INTERMODAL MOTION

CAN A 10,000-KILOMETER RAIL JOURNEY BE A THREAT TO AIR CARGO?

36

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Editor's Note

Giving voice to shippers

As the air cargo world watched the first-half financial reports come in last month from carriers and forwarders, there was much wringing of hands over the current slump in demand. What had happened to the boom times that were seen during the U.S. West Coast port crisis? Airfreight pundits began reading the economic tea leaves to determine whether this carrier's freighter strategy was to blame or whether that logistics firm chose the wrong IT system.

But has anyone asked the shippers what they want? Sometimes it seems as if air carriers and forwarders get so caught up in their own five-year plans that they lose sight of the sector that really drives the air cargo industry. Are we listening to the concerns of shippers? Are we truly serving their needs?

One of those needs might be railhaul. The concept of shipping valuable, time-sensitive cargo – such as electronics, fashion items or automotive parts – by train may seem ludicrous at first. Why not just ship the most valuable items by air and put the rest on the ocean? But according to several of today's forwarders, the use of train transport between Europe and Asia is becoming a popular third modal option for a growing number of manufacturers and retailers. On page 36, *Air Cargo World* talks with several forwarders that are finding surprising success by sending various goods on a 15-day, 10,000-kilometer overland journey. It's a 19th century solution to a 21st century need, but these trains are leaving many satisfied customers in their wake.

This emphasis on the customer extends to our cover story on the world's top cargo airports (see page 26), as well. While we delve into the latest statistics from Airports Council International to see which air hubs carried the most tonnage, we also examine what some airports are doing to better serve the needs of the forwarders, such as providing better truck access, creating cargo communities or digitizing the air waybill process.

For our regional focus, we look at an often-overlooked, but still vital, corner of the Americas – the Caribbean (page 32) – and discuss how an increasing number of long-haul flights are opening the region up to greater global trading opportunities.

We also hear from our friend, Doug Brittin at TIACA, who calls for cooperation between carriers, forwarders, shippers and ground handlers to find common ground on the coming PLACI data-sharing requirements to ensure the safety of the world's cargo shipments. As he mentions in his Guest View column (see page 46), the industry needs to cooperate more on the common goal of increasing security, and that involves making sure that – you guessed it – shippers should be an integral part of the process.

Finally, this month our sister publication, *Cargo Facts*, will be hosting its annual **Cargo Facts Symposium, Oct. 26-28**, in Miami, presented by Air Cargo Management Group. We hope to see you there for a lively discussion on the latest developments in the air cargo industry. For more information, please visit cargofactssymposium.com.

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Randy Woods



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Moving History

American Airlines Cargo had the honor of transporting a significant piece of 9/11 history: a metal beam from the World Trade Center's foundation. AA Cargo started the haul Aug. 12, working with the Kennedy Space Center Fire Rescue and members represented by the Transport Workers Union (TWU) to begin the fully escorted transport of the 2,000-pound beam.



Ground services transported the beam, housed in an American flag-draped container, from the facility at JFK to Philadelphia, where it was loaded onto a 767-300 bound for Miami. On Aug. 14, the beam successfully travelled to its final resting place at the Kennedy Space Center Fire Rescue 9/11 Memorial in Cape Canaveral.



Air highway to Hell

Do cars go to Hell? They do if they're competing in the FIA World Rallycross Championship, held in Hell, Norway – and Chapman Freeborn Airchartering helped send them there. Working with logistics partner GAC, Chapman Freeborn transported 19 Rallycross cars to Trondheim Airport, Norway, on board a chartered Kalitta Air 747-200F. The operation departed from Montréal Airport in Canada, marking the first time supercars competing in the competition have been transported by air. The cars competing in the Hell race are each capable of 0-60 mph in 1.9 seconds. Get thee behind me, Satan!

Playing catch-up with ketchup

Air Charter Service handled a rather unusual request in August: transporting 90 tonnes of tomato ketchup sachets for an undisclosed fast-food restaurant chain. Richard Thompson, president of ACS's North American operation, said the companies' restaurants were running extremely low on ketchup servings, and the time spent trucking from California – where the ketchup is produced – would have meant hundreds of restaurants running out. So, ACS chartered a 747 from Los Angeles and flew first to Pennsylvania and then on to Georgia, where the ketchup could be distributed. Crisis averted!



Flying Siberian fish

Something fishy was going on this summer at AirBridgeCargo. The scheduled-service freight arm of the Volga-Dnepr Company moved 1.24 million hatchery-raised muksun, a type of whitefish, to their native habitat in the Ob and Irtysh river basins in northern Siberia. The fish were transported in four 2.5-tonne water-filled containers, equipped with oxygen tanks for aeration, from St. Petersburg to the city of Salekhard in Northern Russia on a 737 freighter. ABC said the trip is believed to be the first time muksun have ever flown by air. This million-muksun march was a joint effort of Volga-Dnepr and AirBridgeCargo's longtime partner, Air Charter Service.



'Duct tape' to the rescue?

A tweet that went viral by EasyJet passenger Adam Wood shows an aircraft engineer taping up an aircraft's engine nacelle just before takeoff. Wood tweeted, "Always worrying when EasyJet are duct taping the plane together." The material was probably not actual duct tape, but speed tape, an aluminum-backed tape that resists wind pressure, temperature changes, moisture and UV radiation that would tear ordinary duct tape apart. It has earned the nickname "600 mph tape." Whatever gets the bird in the air.

Shining Bright

Cochin International Airport, located in southwest India, is producing 50,000 to 60,000 kilowatt-hours of electricity per day with its solar power plant, making it the first airport in the world to completely operate on solar power. Chief Minister Oommen Chandy inaugurated the 12 megawatt plant Aug. 18, declaring the airport "power neutral," meaning it produces more net power than it purchases from the main power grid. The plant, one of two located at the airport, consists of 46,150 photovoltaic panels. So far, both plants have prevented more than 550 million tonnes of CO2 from being emitted.

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Denis Ilin cuts against the grain at ABC

Another month, another strong performance from AirBridgeCargo. While many of the world's major cargo carriers are reporting low, or even negative, growth in airfreight demand, Russia-based AirBridgeCargo Airlines (ABC), like clockwork, continues to go from strength to strength.

The scheduled-service subsidiary of the Volga-Dnepr Group said its cargo volume in August was up by more than 14 percent, year-over-year, to 39,000 tonnes. For the first eight months of 2015, ABC's volume was up 17 percent to 300,000 tonnes. Cargo traffic for the period (measured in freight tonne kilometers flown) was up 22 percent, as the carrier continued to add longer routes, particularly to North America.

At a time when most other carriers are getting rid of freighters, ABC's parent company Volga-Dnepr announced a deal with Boeing at the Paris Air Show this year to purchase up to twenty more 747-8Fs. Doing the unexpected – and still managing to succeed – seems to be the modus operandi at AirBridgeCargo. *Air Cargo World* spoke with Denis Ilin, who has been executive president of the booming all-cargo carrier since 2013, to find out which direction this iconoclastic cargo airline is headed next.

ABC has been able to continue a high rate of growth for more than a decade. How long can you sustaining this?

The important factor in our sustainable growth is the expansion of the network built around our hub in Moscow-Sheremetyevo Airport. ABC has significantly improved its connectivity from only 97 connections in 2012 to over 600 options in 2015. We can offer 48-hour delivery time for any established connection, and this includes ground handling procedures.

Of course, even with a high level of flight frequencies and expanded connections through the hub, success is only achievable with a high level of on-time performance – and that is where we concentrated our efforts. At present, AirBridgeCargo's "delivered as promised" index is over 80 percent.

How does ABC make main-deck freighters work while other carriers are shedding them?

Main-deck capacity has its own value in the air cargo industry, and right from the start AirBridgeCargo's business idea was to create an all-cargo carrier with a freighter fleet, route network, products and services aimed to meet the specific needs of cargo customers. However, in the current situation of unstable markets with low demand, combination carriers with their more diversified business portfolios have to reconsider their priorities. With overabundant belly capacity and high pressure on yields, managing main-deck capacity becomes complicated for combination carriers, requiring more focus on service technology, investment and professional staff. But being an all-cargo airline, ABC has a greater

AirBridgeCargo's growth in traffic has been matched by a growth in capacity - with the carrier having recently placed an order for ten 747-8Fs, with options for ten beyond that.



Photo © Alex Kvanen

flexibility in reacting to the market changes, meeting its customers' requirements while still managing costs. For ABC, cargo has always been the core business and main focus of specialization and investment.

How has ABC been able to grab market share from other European carriers?

One of our main advantages in the Asia-Europe market is the geographical location of our hub in Russia, which enables ABC to offer a greater number of point-to-point connections than other carriers. ABC has eleven on-line stations in Europe and eight in Asia, and this, combined with the high frequency of our connections through the Moscow hub, has allowed us to become a major player in the Asia-Europe market, which now accounts for 64 percent of our total volumes.

ABC formerly connected Asia and the U.S. via the Moscow hub, but you recently acquired fifth freedom rights between Shanghai and the U.S. Have you been able to use these rights to build a direct trans-Pacific business?

During the first seven months of 2015, AirBridgeCargo more than doubled its tonnage from Shanghai to the United States. When we launched the trans-Pacific route in April, customer response was very strong, enabling us to achieve a load factor of over 90 percent. Now, the tonnage carried on trans-Pacific routes makes up more than 50 percent of our total tonnage to the U.S.

Lanes to the U.S. were among the few that demonstrated a sound rise in the first half of 2015. In the first quarter of 2015, the air cargo industry, including ABC, witnessed extraordinary demand to the US due to West Coast ocean port congestion, but in the second quarter we managed to carry even more cargo from China to the North America – up 31% vs 1st quarter. We expect this traffic to grow, and foresee quite high demand from China to the U.S. ABC plans to increase its presence in this market by adding two more frequencies on routes to the US in the winter 2015/16 schedule.

What is AirBridgeCargo's outlook for a peak season this year?

AirBridgeCargo expects a stable high season, on the level of 2014, although with minimum yield growth. However, the growth rates will vary depending on the lanes. We foresee stable demand from Asia to the U.S. until the end of the year, and improvement in demand in westbound traffic, driven by macroeconomic factors.

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Long-haul exits fail to faze forwarders

By Ian Putzger

Thai Airways is pulling out of the trans-Pacific market. Effective Oct. 25 the airline is going to terminate its flights to Los Angeles and also scrap its Bangkok-to-Rome service. After the closure of the Bangkok-to-New York route in 2008, this marks the end of Thai's presence in the United States.

The airline's network is shrinking on multiple ends. Earlier on, management signaled plans to scrap the routes to Johannesburg, Madrid and Moscow. In July, it indicated that about 50 routes in the network were producing red ink or paltry returns. The route closures are part of a broader retrenchment that aims to trim Thai's capacity and operating costs by 20 percent.

These developments echo the struggles of Malaysian Airlines, which under new management is also trimming fleet and long-haul routes as part of a broad revamp in an effort to stem the red ink and focus on regional routes. Given the paucity of direct freighter links to intercontinental markets, these develop-

ments should be unsettling for both forwarders and shippers, but cargo agents are unfazed. The demise of Thai's long-haul service had scant impact on the market, according to Keree Chaichanavong, managing director of Thai forwarder Trans Air Cargo, who points to ample bellyhold lift in and out of Bangkok.

"While some main-deck capacity has been withdrawn, there is still ample passenger capacity entering the market, which, to some extent, offsets the problem," confirms Thomas Lehmann, senior vice president, airfreight – South Asia Pacific, at Kuehne + Nagel.

Only sporadically capacity can get tight. "At certain times of the year, predominantly due to local festivities and holidays, or substantial releases of new hi-tech products and gadgets, demand for lift increases and space can get tight," Lehmann remarks.

In addition to belly capacity, there is sufficient indirect freighter lift to North America and Europe, provided by the likes of China Airlines, Nippon Cargo

Airlines and Korean Air, notes Chaichanavong.

In any case, the need for lift to the long-haul markets has diminished. According to Chaichanavong, volume to Europe has dropped 20 to 30 percent, while traffic to the U.S. is down 10 to 20 percent. Intra-Asian business, on the other hand, has remained strong, he adds.

All the same, a diverse array of products requires lift to international destinations out of Bangkok. The garment industry has largely migrated to other locations in the region, but the automotive sector has remained strong, with solid intra-Asian flows, but also traffic to destinations like São Paulo and Johannesburg, Chaichanavong reports. Besides these, there are electronics and a growing amount of food exports, such as frozen seafood being flown to Europe. And garments still fly out of Bangkok, having been trucked in from Cambodia and Laos.

It is less the volumes originating in the region than exports from elsewhere in Asia that challenge forwarders to procure lift across the Pacific.

"The biggest challenge remains that yields out of Southeast Asia are considerably lower than from Northeast Asia and hence, during periods where there is a strong space demand, it is increasingly difficult to obtain space via some of the well-known gateways, as there

“The biggest challenge remains that yields out of Southeast Asia are considerably lower than from Northeast Asia...”

–Thomas Lehmann, svp, airfreight, South Asia Pacific, Kuehne + Nagel

Continued on page 14

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Continued from page 12

is less incentive for airlines to carry low-yield freight from Southeast Asia," Lehmann said.

For a while it looked as though Jet Airways was going to fill the gap left by the departure of Thai's service, but the Indian carrier has shelved its freighter ambitions altogether.

However, two other operators have recently launched widebody freighter flights to Southeast Asia. One is AirBridgeCargo Airlines, which started a twice weekly 747 freighter link between Moscow and Singapore in early September, with onward connection to Hong Kong.

The other new entrant is Polar Air Cargo, which in August mounted a weekly 747F flight for DHL, connecting the integrator's Cincinnati hub with its Asian hubs in Incheon, Singapore, and Hong Kong. However, DHL declined to comment on whether capacity on this service would be available to forwarders.

In spite of these newcomers on the Southeast Asia scene, freighters and long-haul routes continue to disappear. Still, recent statistics from Changi airport do not suggest a burning need for added lift. In July the airport's passenger volume climbed 6.8 percent. Cargo, on the other hand, sank 4.8 percent. Have we found a new normal?

ACW

AirBridgeCargo in Singapore

AirBridgeCargo, the scheduled freight service of the Volga-Dnepr Group, made its inaugural flight to Singapore's Changi Airport from Moscow, Sept. 3, launching twice-weekly Moscow-Singapore-Hong Kong-Moscow service, using a 747-8F.

The service is ABC's ninth freighter destination in Asia. Now the airline will provide more than 500 weekly deliveries from the region, with a delivery time of below 48 hours, including handling procedures. ABC already connects clients in China, Japan, South Korea and Viet-



Photo: ©Bye Angel/Flickr

China Southern's first-half good fortune continues

What economic slowdown in China?

In the first half of this year, cargo and mail carried by China Southern, measured in revenue tonne kilometers (RTKs), was up 10.7 percent over 2014, rising from 2.32 billion RTKs last year to 2.57 billion RTKs for the first six months of this year.

The traffic volume carried in freighters for China Southern was 143,500 tonnes in the first half, while belly hold cargo accounted for 569,100 tonnes, resulting in a 10.1 percent increase over 2014's first half. Of that figure, belly freight was up 27.6 percent, year-over-year, compared to 2014, the airline said. All told, the airline's network carried 23.5 percent more freight in the first half of 2015, y-o-y.

The good news continued into the second half of the year, with the an-

nouncement that the carrier will begin freighter service later this month that will link Guangzhou with Ho Chi Minh City and Hanoi, China Southern's first freighter flights to Vietnam. China Southern will begin its Guangzhou-Ho Chi Minh City-Hanoi-Guangzhou runs Sept. 24, which will run four times a week, using 747F aircraft. With a maximum payload of 100 tonnes, the freighters will mostly carry shoes, clothing, fruit and vegetables.

The airline said it improved its international mail delivery service, consolidating its cooperation with overseas post offices during the first six months of 2015. It also launched a service for booking cargo, which increased the revenue from bulky freight. Additionally, the express cargo volume China Southern carried via its partnership with SF Express grew by 7 percent, year-over-year. Traffic volume and revenue of

Southern China Express grew by 43 percent and 30 percent respectively in the first half of 2015, y-o-y.

China Southern said it is striving to make Guangzhou into a cargo hub while strengthening cooperation with major customers to keep the freighter fleet stable. It plans to proactively develop temperature controlled, time-limited and other high-end cargo services.

The carrier is not just shipping eCommerce goods. It is adding a new e-commerce platform, giving Chinese consumers another portal through which they can purchase new items from overseas markets. Called "Southern Cross-Border Purchase," the service provides access to goods in the U.S., Japan, Australia and New Zealand, according to the *WCARN* news service.

In January, China Southern's cargo department began cooperating with "cross-border e-commerce operators and overseas producers and suppliers to create B2C procedures and develop transport options," *WCARN* said. The e-commerce business also covers the cities of Los Angeles, Vancouver, New York, Auckland, Tokyo and Frankfurt.

Through the end of July this year, China Southern carried more than 1,500 tonnes of international packages, which is just 0.7 percent of the 206,000 tonnes of international cargo the carrier shipped. However, these volumes are expected to rise now that the e-commerce platform has gone live, the carrier said.

—Linda Ball



nam with its cargo gateways in Europe, the United States and Russia.

James Fong, assistant vice president for cargo and logistics development at Changi Airport Group, called the new route a "significant milestone" for the airport for local forwarders. "Logistics players, who were previously limited by capacity constraints between Singapore and Russia, now have a direct option to transport large freight shipments, as well as general cargo between the two countries," he said.

Changi Airport is one of the world's busiest cargo hubs. In the first half of 2015, cargo throughput at Changi reached 912,300 tonnes. During this period, 1,034 tonnes of cargo were handled between Singapore and Russia. Between 2010 and 2014, air cargo volumes between Singapore and Russia grew at an average annual growth rate of 16 percent. *—Linda Ball*

Toll Express beefs up Perth logistics depot

Toll Express, an arm of Australian logistics firm Toll Group, recently completed a US\$20 million renovation to its depot at the Perth Airport as part of a more than \$80 million initiative to upgrade major property investments in Western Australia. The renovation is expected to improve not only operational efficiency, but also the working conditions for employees, the company said.

In what was one of the largest deals ever done in the logistics industry, Japan Post Holdings bought Toll Holdings (parent of the entire Toll Group) earlier this year for US\$5.1 billion. The acquisition gave Toll shareholders a 49% premium on the value of their shares, and gave Japan Post a major presence in the parcel delivery business, and in the Asian logistics arena as a whole (where Toll is currently the largest independent player). *—Linda Ball*

Yusen puts down roots in Pakistan



Pakistan has been identified as a NEXT11 country, which means it has a high potential of becoming a large economy in the 21st century. Therefore, Yusen Logistics has established and opened a branch in Karachi, the country's main seaport. Yusen is offering a variety of services, including air and ocean freight forwarding, domestic transportation and customs clearance.

Until opening the office Sept. 1, Yusen utilized local agencies in Pakistan to provide ocean freight forwarding services for textiles and consumer goods. Now, it can manage its own operations and expand services moving forward. The group's medium-term business plan positions the Indian subcontinent as a strategic emerging market area.

Pakistan is located strategically close to various central Asian countries, and to China, as well as neighboring Afghanistan. *—Linda Ball*

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*According to statistics compiled by FlightStats.com in May and November 2014.





Carrier turf war turns Sea-Tac into a cargo player

By Linda Ball

When the conversation turns to U.S. West Coast hubs, most forwarders, carriers and passengers think of LAX, San Francisco or San Diego. But what about Seattle – that place of timber, fish and software? While the Emerald City is known worldwide for such mega-retailers as Starbucks Coffee, Microsoft, Costco and Amazon, those brands are only headquartered in Seattle; their products are shipped worldwide from far-away factories, warehouses and distribution centers. In fact, one might say Seattle's leading exports are intellectual capital and empty freighters rolling off the Boeing assembly lines.

But Seattle is slowly changing into a relatively robust air cargo hub, with Seattle-Tacoma International Airport (or Sea-Tac, as it is commonly known) seeing new carriers and new faces gracing its runways and corridors.

The Port of Seattle, which runs the airport, said that cargo shipments are on the rise, with a 21.5 percent jump in international freight tonnage from 2013 to 2014 at the airport. Through the end of July this year, cargo volume

was up 4.5 percent, year-over-year, compared to the same time frame in 2014. Sea-Tac now ranks 19th in air cargo volume in North America and is the third-largest airport for international cargo on the West Coast, excluding Alaska. This is not the wild Northwest anymore.

So, what's driving all this cargo growth? In short, Seattle has benefited from a battle over passenger market share by two major U.S. carriers: Delta Air Lines and Alaska Airlines. Seeking a hub of its own for the lucrative trans-Pacific market, Delta has been expanding its route network out of Sea-Tac and is now engaged in an all-out turf war with Alaska. Delta now operates flights on 25 of the 78 routes that Alaska flies out of Sea-Tac, up from only five in 2012.

On the Asian trade routes, Delta changed the game in Seattle, offering daily flights – all carrying belly cargo – to multiple Asian destinations. As a result, Delta's cargo tonnage at Sea-Tac is up 19.3 percent, year-to-date, over the same period last year, at about 9,800 tonnes. But Korean Air has

just a bit of an edge, with more than 10,000 tonnes, year-to-date, and the largest market share at 19.5 percent, over Delta's

18.8 percent. Tom Green, senior manager air cargo development for Sea-Tac, said Korean has a daily freighter run into the airport. Other Asian carriers with more than a 10 percent share of the Seattle market include All Nippon Airways, Asiana Airlines and China Airlines.

Last month Alaska Airlines and Hainan announced that the two would become partners in a new frequent-flyer pact. Alaska's mileage plan members can also accumulate miles on Emirates and Korean Air. "Hainan is flying daily to Beijing and Shanghai – they pioneered the route to Beijing," Green said. "Hainan added Shanghai in June. Sea-Tac has been very fortunate to add quite a bit of international flights nonstop." He added that one might easily see 10 to 15 tonnes of belly cargo on each aircraft.

Emirates, likewise, sees potential for cargo growth. The carrier started a second daily nonstop flight between Seattle and Dubai in July. Green said that Emirates is not a huge player for cargo in Seattle – yet. However, Emirates offers Sea-Tac access to its vast network of 777 belly cargo capacity. Boeing is one of the reasons Emirates chose Seattle as a destination, since Emirates is the largest operator of 777s. Emirates expects to carry parts for Boeing, along with software and medical supplies. Green said it

“We now have the capacity to have five 747-8Fs simultaneously [on the ground] and we can fit an An-124, where previously it was a one-off operation.”

–Tom Green, senior manager, air cargo development, Sea-Tac International Airport, on the newly-renovated ramp facilities at the airport

Continued on page 18

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Continued from page 16

wouldn't surprise him to see other Middle East carriers follow suit because they are seeing Emirates' success in Seattle.

Sea-Tac's rise in cargo volume is not limited to just trans-Pacific traffic. European business includes three weekly Cargolux 747-8 freighter flights to Luxembourg. Delta has multiple European destinations, including London, Amsterdam and Paris, daily.

Seattle does import finished consumer and industrial electronics from Germany, and Emirates brings in Middle Eastern bread and consumer goods unique to the area, while consumer electronics and "gadgets" are imported from Asia. However, thanks to the Pacific Northwest's natural bounty, Green said the perishables trade makes Sea-Tac a net exporter. Unlike many regions that export, the peak season for the Northwest is June through August, rather than the busy holiday season. Seafood, apples and cherries are a large part of the seasonal rise.

"Cherries are very much the definition of a perishable commodity," Green said. "Asia is a huge buyer. Japan, South Korea, China, Hong Kong – they consider them a luxury and a delicacy." Additionally, aerospace and high-tech are driving exports out of Sea-Tac. With Boeing based in the



Alaska's international partners – Emirates, Hainan, Korean – give its cargo network ex-Seattle considerable reach.

Seattle area, it exports replacement parts – the company's "spares" building neighbors Sea-Tac. On the other side, Boeing imports aerospace parts for its products.

Sea-Tac just finished overhauling its cargo facilities to the tune of US\$20 million, expanding hard-stands. Two specific areas had their operating space made larger to accommodate larger aircraft.

"We now have the capacity to have five 747-8Fs simultaneously [on the ground] and we can fit an An-124, where previously it was a one-off operation," Green said.

So, as long as there are cherries, seafood and airplanes being pumped out of the greater Seattle area, and passengers who want to visit, Sea-Tac will continue to grow, playing an increasingly important role in international and domestic trade. **ACW**

Preparing for peak season at UPS

UPS said it is planning to hire between 90,000 to 95,000 seasonal employees in the United States to help the integrator get through the extremely busy holiday season. Volume is expected to increase in November and not taper off until January 2016.

"We have initial volume forecasts from our customers and are starting the hiring process for our temporary holiday season jobs," said Myron Gray, president of U.S. operations for UPS. "We have needs for various positions on all shifts at UPS locations throughout the United States."

Often, these positions are an entry point for permanent employment at UPS, the company stated. At most UPS locations, part-time employees in college are eligible to receive up to US\$25,000 in tuition assistance through the company's "Earn and Learn" program. Applicants can apply online or UPS will recruit them on campuses at upcoming NCAA college football games.

Competitor FedEx is also looking at what it expects to be a record peak season, and plans to add more than 55,000 extra staff.

–Linda Ball

XPO Logistics moves into the LTL market

XPO Logistics continues its move into the big league of worldwide logistics with an agreement to acquire US-based Con-way for US\$3 billion cash. Con-way is a Fortune 500 company with a transportation and logistics network consisting of 582 locations and around 30,000 employees. Con-way specializes in road transport in the US, and the acquisition will complement XPO's air and ocean forwarding and contract logistics activities. Douglas Stotlar, Con-way's president and CEO, will serve in a limited role as an independent advisor to the combined company through the first quarter of 2016.

Under the leadership of chairman and CEO Bradley Jacobs, XPO has completed 14 acquisitions and boosted its revenue almost 40 times to a projected \$6.7 billion this year, according to Bloomberg. But with the Con-way deal,

XPO Logistics will see its annual revenue rise to around \$15 billion – more than six times the \$2.4 billion revenue reported in 2014.

Prior to this year's acquisitions of Con-way and French forwarder Norbert Dentressangle, XPO was non-asset based, and focused primarily on air and ocean forwarding; now the company has a fleet of 7,700 owned trucks, plus 3,200 trucks contracted through owner-operators, and, through the Dentressangle acquisition, access to an additional 12,000 trucks operated by independent carriers in Europe.

When the Con-way deal is finalized, all of Con-ways brands – Con-way Freight, Menlo Logistics, Con-way Truckload and Con-way Multimodal – will be rebranded as XPO Logistics.

This latest acquisition will not only give XPO an entry into the less-than-truckload (LTL) business, it will catapult the firm to



major-player status. When the deal goes through, XPO will become the second-largest LTL operator in the \$35 billion North American market.

"LTL is a noncommoditized, high-value-add business that's used by nearly all of our customers," Jacobs said. "Con-way is a premier platform that we will run with a fresh set of eyes as part of our broader offering. Importantly, we'll gain strategic ownership of assets that will benefit our company and our customers during periods of tight capacity."

–Linda Ball

CAL Cargo targets Atlanta for pharma

Citing interest in Atlanta's pharmaceuticals business, Israel-based CAL Cargo Airlines began round-trip service from Atlanta to Liège, its home base, starting Sept. 25. The route will have two weekly rotations from Atlanta to Liège and back to Atlanta.

Eyal Zagagi, CEO of the CAL Group, said CAL's fleet of nose-loading 747-400s – along with a team that specializes in dangerous goods, pharma, live animals and oversize/overweight goods – is needed in Atlanta. ATC Aviation, a local GSA, will help CAL service the Atlanta area.

Already a holder of the Qualified Envirotainer and EQUIP Qualified C-Safe provider accreditations, CAL Cargo is working to become IATA CEIV-Pharma-certified, to give itself a leg-up in the competitive pharmaceuticals market.

—Linda Ball

Air Canada Cargo introduces e-booking

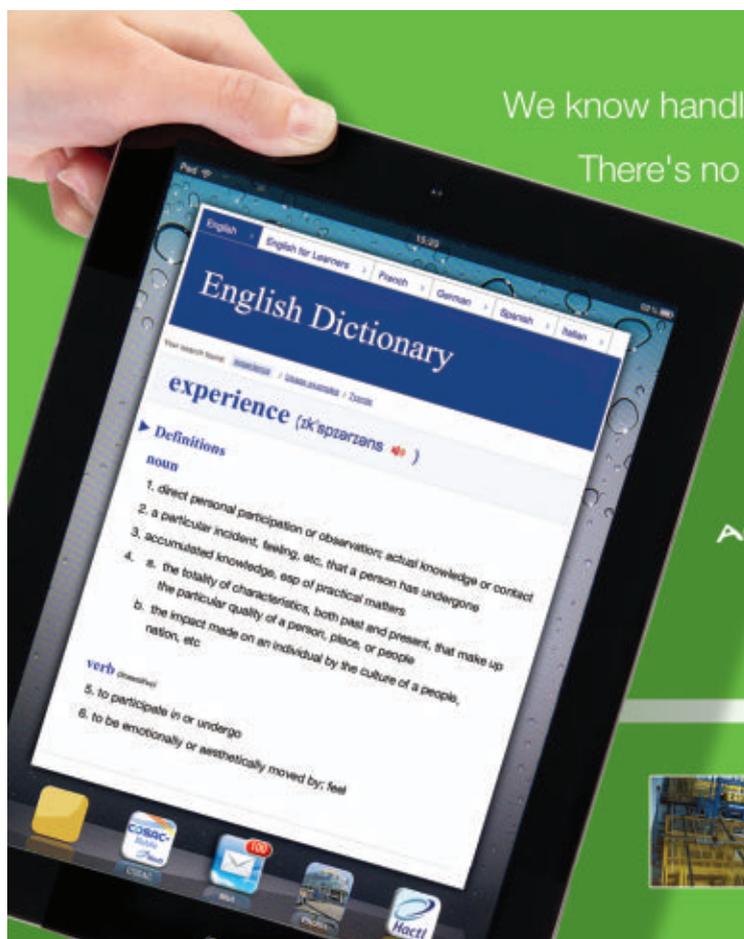
Keeping pace with a changing industry, Air Canada Cargo has launched an updated website that enables cargo customers to book shipments directly on aircanadacargo.com. The e-booking and management tool provides a "simple, intuitive interface," the airline said, with a user login that allows Air Canada Cargo account holders to book and manage shipments online, including those requiring specialized shipping needs, such as AC Cool Chain, AC DGR (dangerous goods) and AC Live (animals).

Bookings can be made for flights within Air Canada's global and interline networks. The system also returns an estimated quote for the cost of the

shipment. E-booking also provides an interface for managing and tracking multiple shipments. From the dashboard, customers can view the status of all their current shipments, fill out an electronic air waybill (e-AWB), add to the house air waybill, edit a shipment or print a document pouch.

With e-AWB capability in most of its network, Air Canada Cargo has been encouraging its customers to fully participate in the digitization of their shipping systems. With the arrival of e-booking, Air Canada will renew emphasis on the benefits of e-AWB, and a specific promotion campaign will be launched by the airline in the coming weeks.

—Linda Ball



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IAG & LH: No turning back on long-term strategies

By Roger Turney

Not for the first time, IAG Cargo and Lufthansa Cargo are pursuing divergent market strategies. But this time it's not about gimmicky sales tactics and snappy product lines. Both are embarking on wider, life-changing business models that will shape the future growth of both airlines. Whichever carrier succeeds in these fundamental shifts will doubtless be closely monitored by other competitors.

But will both really find success?

Having divested itself of its entire freighter portfolio 18 months ago, IAG Cargo immediately adopted the mantra that bellyholds were the future. It was much chided at the time by other carriers, including Lufthansa Cargo, for describing its exit as a positive development. Well, at least it was for the bookkeepers at IAG Cargo. The joint sales operation for British Airways Cargo and Iberia Cargo had been losing money hand over fist with the three 747-8Fs it was leasing from Atlas Air, through its proxy, Global Supply Systems.

IAG's return to freighters seemed a very distant prospect. That, of course, was not to be. Anxious to protect at least some of its market share, IAG Cargo announced a capacity-sharing agreement with Qatar Airways Cargo. This called for the ambitious Gulf carrier to provide main-deck space with five 777F services a week between Hong Kong and London Stansted, via its Doha hub. At the time, it seemed like a stop-gap measure by the Brit-led carrier.

Later, it became clear that this, in fact, was to be the kernel for a far-reaching capacity-sharing agreement between the two carriers, serving the interests not just of BA World Cargo, but also that of Iberia Cargo. A new, extended agreement now sees Qatar Airways Cargo providing main-deck and bellyhold capacity to no less than nine destinations. These include Dhaka to London; Karachi and Lahore in Pakistan to Doha, Dubai and Kuwait in the Gulf; Islamabad to Kuwait; Delhi to London; Chennai to London; and finally Shanghai to Madrid. With this strategy, IAG Cargo obviously gains the space on the exact trade lanes it wants, without the burden of filling unprofitable return sectors.

More recently, IAG Cargo has further extended its capacity buy-in strategy with a deal with Finnair Cargo to share a weekly A300-600F between London-Luton and Helsinki. The leased-in capacity from DHL Aviation provides the carriers with a joint uplift of 172 tonnes on the twice-weekly service. It's a relatively small addition, but it clearly shows that IAG Cargo execs are now deeply committed to this newfound strategy.

Finnair Air Cargo also appears to be adopting the IAG Cargo mantra. It, too, has recently disposed of its two surviving MD-11F freighters and had been in the process of joining the passenger bellyhold bandwagon. A case of "back to the future" for the Finns, too, it would seem.

Other combination carriers may well be looking to follow a similar strategy to IAG Cargo and cast around for partners

that can offer suitable main-deck capacity. It, of course, takes two to tango, and operators still flying freighters could well be looking to reduce their risk.

That certainly seems to be the case with Russia's AirBridgeCargo Airlines, which has indicated that it's in the market to take on such contracts. And then there is Lufthansa Cargo, which has a habit of marching out of step with the rest of the market. The German carrier determinedly retains a large in-house MD-11F and 777F freighter fleet. But it is also anxious to reduce risk and grow margins in a still-uncertain market.

Its strategy turnaround has been no less revolutionary in concept. This is based on its decision to embrace a so-called, "metal neutral" pact with Japanese carrier ANA Cargo, which it has claimed to be the very first anti-trust-immunity-authorized cargo joint venture. The partnership began at the back end of last year for traffic moving on both carriers from Japan to Europe. LH Cargo claims that more than 800 additional shipments, equivalent to nearly 1,000 tonnes, were generated in the first five months of operation as a direct result of the new deal.

As of early August this year the joint venture was extended to traffic flows from Europe to Japan. This means that European customers of both airlines now have access to a spread of no less than 90 flights a week on the westbound route. In terms of additional cost savings, both airlines have been able to consolidate their sales teams at common destinations

and align their cargo handling processes at major gateways.

Fundamental to the entire project, though, is a common revenue management system requiring deeply embedded trust between the two carriers. It is no easy matter of a 50/50 revenue split, because ANA Cargo provides the greater capacity in the partnership.

It's certainly a ground-breaking strategy, but the big questions is: Where does it go from here? LH Cargo, presumably, must seek other like-minded partners if it wants to develop the concept across its network. The rumor circulating is that it is anxious to sign up with United Airlines as its next antitrust-immunity partner. That just so happens to be the same partner ANA Cargo is seeking to work with on trans-Pacific routes. However, the antitrust landscape in the United States will be a lot tougher for both to negotiate.

These two very different strategies and two very different gambles may decide how the industry may be predicated in the future. For both IAG and LH, there's no other choice but to double-down.

ACW

Finnair adds capacity via London

Finnair, which recently established London Heathrow as its "third cargo hub" to better connect the U.K. with its Asian network, will add belly cargo capacity to its route between Helsinki and London Heathrow beginning Oct. 25. Finnair will operate three weekly frequencies on the route using an A340 widebody aircraft.

The extra cargo capacity through London is expected to improve connections for Finnair customers to North America using its network with partner IAG Cargo. Finnair's other hubs are in Brussels and Helsinki.

The widebody belly capacity on the Helsinki-London route is in addition to the freighter service Finnair and IAG Cargo share between the two cities, as well as the 35 weekly frequencies with A320s. The new frequencies will occur on Mondays, Fridays and Sundays, with freighter aircraft on Wednesdays and Saturdays. Flight schedules will be announced shortly.

-Linda Ball

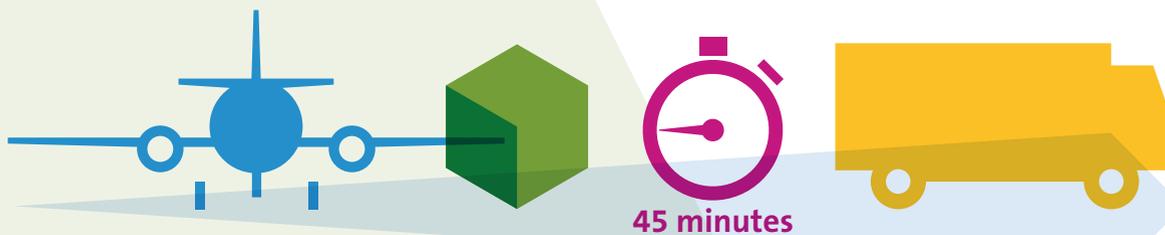
Logwin opens Krakow office

Poland has seen its economy grow uninterrupted, even during the Greek bailout EU crisis, with annual GDP growth of between 3.5 and 4 percent forecast over the medium term. Partly as a result, Logwin, a global logistics provider, is expanding with a new sales office in Krakow. Other offices include the seafreight ports of Gdansk and Gdynia in Poland, and one other in Hamburg, Germany.

Logwin said Krakow is a rapidly growing economic center, due to its central geographical location and well-educated population. The city of Krakow is also investing in its infrastructure, and special funding packages are creating incentives for foreign investments.

Poland's most important trading partner is Germany, accounting for 26 percent of the country's exports and more than 27 percent of its imports. Logwin's customers in Poland include companies from the automotive, electronics, cosmetics, fashion and textile industries. It employs around 300 people and now operates at a total of seven locations across Poland. -Linda Ball

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Maastricht Aachen Airport



Photo: © Utu Worldwide

UTi seeks turnaround with last-mile ByBox service

By Randy Woods

In a year that has been a roller coaster for many freight forwarders, one of the roughest rides has come from U.S.-based logistics firm UTi Worldwide.

As airfreight demand dwindled at the midpoint on this year, the red ink began spilling at UTi, including a US\$70.7 million loss in the second quarter and a net loss of \$104 million for the first half of the year. Recently, the 3PL said it will lower its fiscal-year projections of earnings before interest, taxes, depreciation and amortization (EBITDA) from the previous \$125 million to between \$75 million and \$100 million.

In an attempt to right the ship, UTi has launched a plan to create revenue streams by offering customers more last-mile logistics services. One of these strategies is now being put to the test in South Africa, with the installation of more than 450 UTi "ByBox"

shipment kiosks. Similar to the "Amazon locker" concept, the boxes give online retailers and customers a secure and convenient option for collecting and sending parcels.

"When shopping online, the customer simply selects the UTi ByBox delivery option instead of using a home address or P.O. Box," said Greg Saffy, managing director of UTi Distribution. "When the purchase is delivered, the customer is notified by SMS or email and enters a code at the UTi ByBox to collect the parcel. Customers can also send parcels from the UTi ByBox using a prepaid UTi Pak in various sizes."

The first UTi ByBox was installed at a service station earlier this year in suburban Johannesburg. More ByBoxes will be installed at various shopping malls, business parks and university campuses.

Keith Pienaar, president of UTi Contract Logistics and Distribution, said the UTi ByBox program is best suited for emerging markets, such as rural parts of South Africa, where there may not be convenient access to integrators such as FedEx or UPS, or there may not even be a physical address.

"We are committed to the success of the UTi ByBox and to providing this option throughout South Africa, where we have a leading market presence and a strong parcel delivery network already in place," he said in a statement. "We will also be studying the deployment to determine its potential elsewhere in Africa and other emerging markets around the world, where UTi has special strengths."

ACW



Photo: © Stuart Miller/Flickr

ACP Worldwide is new GSA for Saudia Cargo

ACP Worldwide has been appointed cargo GSA across South Africa for Saudia Cargo. The Jeddah-based carrier currently operates three weekly B747 freighter flights from Johannesburg to Jeddah and Amsterdam, which are shared frequencies with Nairobi.

In addition to this freighter capacity, ACP will also sell belly space on Saudia's three weekly 777-200 widebody flights between Johannesburg and Jeddah, which offers 50 tonnes of lower-

deck cargo capacity per week.

The main business from South Africa is destined for the three principal hubs in Saudi Arabia: Jeddah, Riyadh and Dammam. Onward traffic moves to Amsterdam, London, Brussels and Khartoum. In response to this appointment, ACP's Johannesburg-based team has deployed additional reservations and operations staff.

—Linda Ball

Third Parties

Dr. Udo Lange has been appointed executive vice president and COO of **FedEx Trade Networks**, the freight forwarding and customs brokerage arm of FedEx. Lange has more than 20 years



Udo Lange

of experience in the international trade industry with expertise in global freight forwarding and logistics.

Randy Sinker has been appointed to the newly-created position of chief client solutions officer at **SEKO Logistics**. Based in Chicago, Sinker will be responsible for client onboarding, implementations, account management and customer service. He has been in the logistics industry for 30 years, previously working for CF Air Freight, Emery Worldwide and CEVA.

Rick Lee is the new COO at SEKO Logistics, USA, joining SEKO from technology company Avaya. Lee will oversee SEKO's client solution group, operations and procedures, logistics infrastructure and procurement. **Seán Birkhead** has been appointed chief technology officer at SEKO. Birkhead joined SEKO a year ago and held the post of implementation and integration manager, based in Ireland.

Arjan Kaaks has been appointed chief financial officer for **CEVA Logistics**. CEVA's current CFO, **Rubin McDougal**, is retiring and will remain with the company to facilitate a seamless transition.



Arjan Kaaks

Kaaks joined the company Aug. 24 from Maxeda DIY Group, from Benelux, where he was CFO and a member of the company's executive board.

Clayton Noble had been appointed to the position of managing director of CEVA Logistic's Australia and New Zealand operations. Noble joins CEVA from Fuji Xerox Australia, where, as COO, he was responsible for running the business' operational functions. Noble replaces **Casey Fisher**, who is returning to the United States to become CEVA's executive vice president, business development, of its North American operations.

Jesper Nielsen has been appointed the CEO of **Scan Global Logistics' Group** effective Feb. 1, 2016. Nielsen joins Scan Global Logistics from DHL, where he worked for the past 10 years – the last four as CEO Global Forwarding Nordics/Baltics. Scan's present CEO, **Henrik von Sydow**, will move to become executive chairman of the board.

David Brooks and **Jon Snook**, both former American Airlines executives, have joined Florida-based **Episcale**, which specializes in transforming paper-based transactions into digital form. Both will work as advisors. Brooks became president of the cargo division at AA in 1996. Snook brings 25 years of experience at AA.

Jeroen Eijnsink has joined logistics company **C.H. Robinson Worldwide, Inc.**, as president of C.H. Robinson Europe, B.V. Previously, Eijnsink served as CEO of DHL Freight Germany, where he was responsible for the road and rail transport activities for DHL in Germany.

Herve Montjotin, Norbert Dentresangle's CEO, resigned his position in early September. He has been replaced by **Troy Cooper**, CEO of **XPO Logistics** and chairman of the board of XPO's Europe division. Cooper will continue as COO as well. Montjotin was appointed CEO of XPO's European division after XPO's takeover in April.

Airlines

Christian Thiele has been appointed country manager, Germany, at **Cargolux Airlines International S.A.**

Thiele succeeds **Tony McNichol** in this role. He joins Cargolux from Emirates SkyCargo, where he held the position of cargo business development manager, Germany. His career in the air cargo industry also includes previous stints at Korean Air and Frankfurt AG Frankfurt Airport.

Scott Marikis has been named vice president and COO of **Empire Airlines, Inc.** Marikis has been with Empire for eight years as vice president and CFO. He has more than 20 years of senior-level general management.

Randy Lanfell has been promoted to vice president of operations at Empire.



Christian Thiele

Lanfell has held the position of director of operations for the past 15 years. **Tom Strom** has been promoted to vice president of maintenance. Strom has been with Empire for 28 years and has been the director of maintenance since 2004.

Maintenance & MROs

Gary Edwards of **West Star Aviation** has retired after 37 years in aviation. Edwards had been leading the aircraft paint programs at West Star's Grand Junction, Colo., location for 22 years. **Mark Birmingham**, an employee for eight years at West Star, has been promoted as the new paint program manager in Edward's place.

Manufacturing

Don Jacobs has joined ULD outsourcing specialist **CHEP Aerospace Solutions** as director, sales, marketing and key account management. Jacobs previously held positions with Deutsche Post, DHL Express, DHL Global Mail, Aberdeen Airport and Jettainer. **David Harman**, presently director, sales, marketing and key account management with CHEP, will move into a new role focused on customer onboarding and new product development.

Organizations

Tony Tyler, CEO and director general of the **International Air Transport Association**, will retire in June 2016, after serving five years in the position. Before his tenure at IATA, Tyler was CEO at Cathay Pacific Airways. He had also served as IATA chairman from June 2009 to June 2010.

Warren Jones has been appointed the new director of **The International Air Cargo Association**, based at the association's Miami headquarters. Additionally,



Warren Jones

Kenneth Gibson has been named manager of accounts and business development. Jones was most recently the president of Cargo Network Services at IATA. He will focus on TIACA's sales initiatives and manage the association's commercial development programs. Gibson will be supporting Jones and developing TIACA's sales strategy.



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IN CONTROL

THE WORLD'S TOP CARGO AIRPORTS
AND THEIR PLANS FOR THE FUTURE

By Randy Woods

Up close with the control tower at Munich, which saw an 11.6 percent gain in cargo tonnage for the first half of 2015.

It's no secret that air cargo growth has disappeared in the second half of 2015. A manufacturing slump in China, a spiraling debt crisis in Europe, falling fuel surcharges, and continued economic turmoil in South America have all contributed to yields shrinking in most regions around the world – even those areas where growth continues, such as Asia and the Middle East, the rate of growth has been shrinking. By most accounts, the rest of 2015 will produce much of the same mediocre performance for the air cargo industry.

Most of the world's airports, however, are suffering through none of this gloom and doom. Memories of the boom times in the last half of 2014, when a surprisingly strong peak season and the U.S. West Coast port crisis sent traffic tonnage soaring, serve as reminders that booms and busts can come and go in quick succession. For airport cargo facilities, the operators know that speeding up ground-handling systems, clearing backlogs and reducing trans-shipment times are of paramount importance for forwarders, regardless of whether the economic indicators are rising or falling.

Every year, the Airports Council International (ACI) publishes its World Airport Traffic Report (WATR), the definitive reference of the latest available airport traffic data, surveying more than 2,200 facilities in 160 countries. In these pages, *Air Cargo World* publishes the rankings of the Top 20 Cargo Airports in terms of 2014 tonnage. This year, we also go beyond the WATR to get more up-to-date information, not only about how selected airports are faring in today's economy, but also what they are doing to work more closely and more efficiently with freight forwarders and shippers.

Echoes from 2014

Looking at the WATR tonnage figures for 2014, the latest data made available by ACI, the effects of the surge in cargo activity in the second half of last year, driven partly by a stronger-than-expected peak season and the U.S. West Coast port crisis, is made evident in the charts for domestic, international and combined air cargo shipments (see page 30). Almost across the board, with the

anomalous exception of Dubai International (DXB), which has fallen by 3.1 percent over the previous year (see sidebar, page 28), cargo volumes among the top 20 largest cargo airports rose significantly.

Despite the uneven recovery in the global economy, there was a net increase in global demand for foreign goods and commodities in 2014. This helped awaken the air cargo market in 2014 after several years of low growth, ACI said. Most regions demonstrated weak year-over-year growth rates in air cargo volume in 2013, but experienced stronger growth in 2014, when total volume increased by 4.7 percent, according to ACI.

Hong Kong International Airport (HKIA) again took top honors, with nearly 4.42 million tonnes of total cargo handled in 2014, a 6.0 percent increase over 2013. Following close behind was Memphis, U.S., the main hub of FedEx Express, which handled a total of 4.26 million tonnes, a 2.9 percent increase from the previous year. Shanghai Pudong took third

“It's disappointing that we have not seen some growth again in 2015 so far but, given the current weakness...the tonnages are better than we might have expected.”

– Jonas van Stekelenburg,
head of cargo, Schiphol Group

place again, with 3.18 million tonnes, representing a strong 8.6 percent jump compared to 2013.

Most airports in the Top 20 maintained their positions from last year, with just a few moving up one or two spots. The airports that grew the fastest, on a percentage basis, included Chicago O'Hare, with a 12.1 percent surge to reach 1.38 million tonnes and a move from No. 20 to No. 19 on the Top 20 list. Guangzhou's year-to-year 11.0 percent rise to No. 18 on

the list, with 1.45 million tonnes, was also impressive.

On the domestic freight chart, the ripples from China's e-commerce boom become more evident, with seven of the Top 20 airports coming from Mainland China, including Beijing (No. 3, 1.05 million tonnes), followed by Shanghai Pudong (No. 5, 10.2 percent rise, 767,864 tonnes).

Mixed results in 2015

Moving into 2015, ACI said that, although the rate of growth in airfreight demand has slowed, volume still grew by 3.4 percent for the first half of 2015. However, in its mid-year assessment, ACI said the industry appears set for relatively low growth in the second half of 2015, compared to the same period the previous year.

The Middle East, again, experienced the greatest increase in accumulated volumes as compared to other regions, at 8.6 percent, year-over-year, from January to June 2015. After the Middle East, North America, with its strengthening economy, posted the highest growth at 4.8 percent, y-o-y, in the first half of 2015.

Chris Mangos, marketing director at Miami International (MIA), said total freight activity by tonnage has “dropped a fraction of one percent” in the first half of 2015, after growing by 2 percent overall and 4 percent in international freight through the first quarter. The continued decline of Latin American economies, particularly in Brazil, has affected activity at MIA, one of the key hubs in the United States. “Signs of such fallout were already apparent when looking extensively through regional and individual country activities during the first three months of this year,” he said.

Of most serious concern was the Asia-Pacific market, which has driven so much airfreight growth in previous years but which has become “enfeebled” in the first half of 2015, according to ACI. The weakening of international trade activity in Asia limited overall growth in the region's volumes to just 3 percent for the January-to-June period, year-over-year. Cross-border shipments, which make up the majority of traffic in the region, had the worst showing, with only 2.7 percent growth in H1 2015, while do-

Continued on page 28

Continued from page 27

mestic traffic rose by 3.8 percent during the same period.

HKIA, which has been the busiest cargo airport in terms of tonnage since 2010, was mostly flat in the first half of 2015, with traffic rising just 0.6 percent, year over year. “The cargo traffic was mainly impacted by the economic weakness in the Eurozone,” said a spokesperson for HKIA. “On the other hand, the regional cargo traffic also underperformed due to Asian trade slowdown.”

The next two largest hubs in Asia, Shanghai Pudong and Seoul’s Incheon International, had y-o-y increases of 5 percent and 1.5 percent, respectively, from January to June this year. Baiyun International Airport, in Guangzhou, reported first-half cargo volume up 7.3 percent, y-o-y, to 729,000 tonnes.

In Europe, despite the signs of rising business confidence, ACI said the “shadow of uncertainty regarding the Greek debt crisis” has left a pall over the European airfreight business, with volumes rising only 0.5 percent during H1. The region’s three major airfreight hubs, Frankfurt, Paris-CDG and Amsterdam Schiphol, all experienced declines of 2.3 percent, 4.7 percent and 2.1 percent, respectively, in the first half of 2015.

Dirk Schusdziara, senior vice president, cargo, Fraport AG, which operates Frankfurt Airport, said that Frankfurt’s recent troubles are shared by many other carriers due to an industry-wide “cyclical development,” stemming from the weakening Chinese economy. “In addition, the sea freight business is marked by huge overcapacity. This puts additional pressure on the margins of air cargo customers,” he said.

“It’s disappointing that we have not seen some growth again in 2015 so far but, given the current weakness of our major market, China, the tonnages are better than we might have expected,” said Jonas van Stekelenburg, head of cargo at the Schiphol Group. “The weakness of the Russian economy also impacted one of our biggest flower markets, affecting exports around Valentine’s Day and other events in their calendar when flowers are given.”

Mid-size hubs find room to grow

Meanwhile, some of the medium-sized airports, such as Germany’s

COMING ATTRACTIONS AT AN AIRPORT NEAR YOU?

Some of these projects may become game-changers. Others may never see the light of day.

Berlin Brandenburg Airport (Berlin, Germany) – Now in its fifth year of delays since its original 2010 completion target, this US\$6 billion project (pictured above) has been mired in construction problems and mismanagement since it began in 2007. Eventually it is supposed to replace Berlin Shonefeld and Berlin Tegel airports, with a planned cargo capacity of 600,000 tonnes per year. Currently, however, the expected launch date is 2018 or 2019. Until then the airport authority gives bus tours of the “phantom airport.”

Ciudad Real Central Airport (La Mancha, Spain) – Currently considered a “ghost airport” in Central Spain, this once-failed €1 billion project that closed in 2010 has a new owner: Tzaneen International, a Chinese-led consortium that has big plans to turn the empty structure into a beachhead in Europe for a global e-commerce network. According to Chinese media reports, the Ciudad Real will become a major storage and distribution hub for B2C and C2C express shipments ordered through China’s Alibaba Group.

Hassan Gouled Aptidon & Ahmed Dini Ahmed airports (Djibouti City, Djibouti) – The tiny African nation of Djibouti plans to have two brand-new airport hubs large enough to handle 100,000 tonnes of cargo to vie for a piece of the lucrative long-haul international air traffic in East Africa and the Middle East. Hassan Gouled Aptidon International is expected to open in 2018, while Ahmed Dini Ahmed International is expected to open next year. Both are said to have funding from the China Civil Engineering Construction Corp.

Greenfield site near Wuhan (Hubei Province, China) – China has reportedly built about 15 new airports across the country and expanded dozens more in just the last two years, but a new project said to be under way near Wuhan may be the most interesting. SF Express, which models itself after the major American integrators and owns a fleet of 22 freighters, appears to be interested in building its own airport. Wuhan is centrally located to easily reach most large coastal metropolises as well as the growing cities in China’s western provinces. Could we be seeing a new Memphis in the making?

Hanthawaddy Airport (Bago, Myanmar) – First proposed more than 20 years ago, this snake-bitten, US\$1.5 billion project has been delayed yet again, this time for four more years, due to a problem with securing financing. A South Korean firm had planned to convert an old military airfield into Hanthawaddy Airport to relieve some of the pressure on the existing airport in Yangon back in 1994, but the plan has been repeatedly shelved. Myanmar’s Civil Aviation Department said the next target for a resumption of the plan will be 2022.

Istanbul “New Airport” (Istanbul, Turkey) – With both Atatürk and Sabiha Gökçen airports at or near capacity, Istanbul is currently building this third facility west of the Bosphorus that is expected to become the largest airport in the world. With a capacity of 150 million passengers a year and a 20,000-square-meter express cargo operation, the complex began construction in May and could begin operations by 2017.

Leipzig/Halle Airport, reported July cargo volumes up 7.7 percent, y-o-y, to a record 84,000 tonnes for the month – the third-consecutive month the airport has set a record. Leipzig is DHL's main European hub, and also home of the Lufthansa/DHL joint-venture carrier AeroLogic, and the second-busiest cargo airport in Germany.

At Munich Airport, Markus Heinelt, director of traffic development, cargo, said the facility saw an 11.6 percent gain in cargo tonnage for the first half of 2015, compared with 2014 – also a new six-month record. Part of the reason, he said, is the changing nature of Munich's role as a cargo hub. "Some airlines substantially bumped up the number of flights on existing long-haul routes and also added new ones. The resulting gains in cargo capacity – specifically belly capacity – have been very effectively marketed in Munich."

Munich, Heinelt said, has the strongest economy in Germany, with a growing export market and robust e-commerce activity, which has led UPS, DHL, FedEx and TNT to expand their Munich-area activities. However, the segment posting the most robust gains

Continued on page 30



For the last couple of years, it's been a bit difficult to tell exactly how big Dubai World Central (DWC) had grown organically or how much Dubai International (DXB) had been diminished as the United Arab Emirates required carriers to move their cargo capacity from DXB to the newly-built DWC. The shift began in May 2014, when Dubai Airports, which operates both facilities, decided to transfer all freighter operations from DXB to DWC. While DXB continued to handle belly cargo, traffic figures for the facility, of course, fell off a cliff.

Then next twist came that same year, when DXB had to close one of its runways during a major overhaul and repair operation. To accommodate this limited capacity, DXB shift-

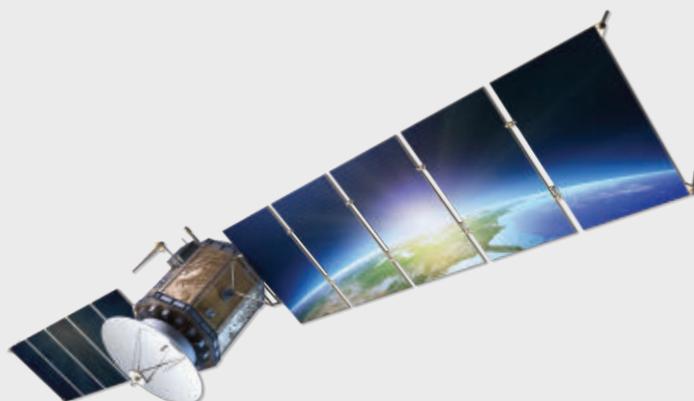
ed about 300 weekly passenger flights from DXB to DWC, and removed even more freight traffic from DXB, this time in the form of bellyhold cargo.

Today, the picture is becoming clearer. For the first half of 2015, freight traffic at DWC shot up 42 percent, year-over-year, to 443,000 tonnes, thus reflecting the shift of freighters to DWC. However, when DXB and DWC figures are combined, the volume at both air hubs was up a more modest 10 percent, year-over-year, for the first half of 2015 to 1.68 million tonnes handled.

Eventually, DWC will become the dominant cargo airport, with its annual capacity of 16 million tonnes of airfreight once the grand plan is completed.



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THE BIG 20

Based on 2014 tonnage data submitted by more than 2,200 commercial airports in 160 countries, Airports Co. largest-capacity cargo airports and divided them into three categories: total airfreight handled, domestic airfreight

WORLD AIRPORT RANKING: TOTAL CARGO 2014 (METRIC TONNES)

RANK	CITY, COUNTRY	CODE	TOTAL CARGO	Y-o-Y % CHANGE
1	HONG KONG, CHINA	HKG	4,415,983	6.0
2	MEMPHIS, USA	MEM	4,258,531	2.9
3	SHANGHAI, PEOPLE'S REPUBLIC OF CHINA	PVG	3,181,654	8.6
4	INCHEON, SOUTH KOREA	ICN	2,557,681	3.8
5	ANCHORAGE, USA	ANC	2,492,754	3.0
6	DUBAI, UNITED ARAB EMIRATES	DXB	2,367,574	(3.1)
7	LOUISVILLE, USA	SDF	2,293,231	3.5
8	TOKYO, JAPAN	NRT	2,133,542	5.6
9	FRANKFURT, GERMANY	FRA	2,131,976	1.8
10	TAIPEI, CHINESE TAIPEI	TPE	2,088,727	6.2
11	PARIS, FRANCE	CDG	2,086,487	0.8
12	MIAMI, USA	MIA	1,998,779	2.8
13	SINGAPORE	SIN	1,880,100	0.4
14	BEIJING, PEOPLE'S REPUBLIC OF CHINA	PEK	1,848,251	0.2
15	LOS ANGELES, USA	LAX	1,816,269	3.7
16	AMSTERDAM, NETHERLANDS	AMS	1,670,676	6.7
17	LONDON, UNITED KINGDOM	LHR	1,588,655	4.9
18	GUANGZHOU, PEOPLE'S REPUBLIC OF CHINA	CAN	1,454,044	11.0
19	CHICAGO, USA	ORD	1,377,664	12.1
20	NEW YORK, USA	JFK	1,303,889	0.6

WORLD AIRPORT RANKING: DOMESTIC

RANK	CITY, COUNTRY
1	MEMPHIS, USA
2	LOUISVILLE, USA
3	BEIJING, PEOPLE'S REPUBLIC OF CHINA
4	INDIANAPOLIS, USA
5	SHANGHAI, PEOPLE'S REPUBLIC OF CHINA
6	TOKYO, JAPAN
7	SHENZHEN, PEOPLE'S REPUBLIC OF CHINA
8	ANCHORAGE, USA
9	LOS ANGELES, USA
10	GUANGZHOU, PEOPLE'S REPUBLIC OF CHINA
11	CHENGDU, PEOPLE'S REPUBLIC OF CHINA
12	OAKLAND, USA
13	CINCINNATI, USA
14	SHANGHAI, PEOPLE'S REPUBLIC OF CHINA
15	NEWARK, USA
16	ONTARIO, USA
17	HANGZHOU, PEOPLE'S REPUBLIC OF CHINA
18	CHICAGO, USA
19	JAKARTA, INDONESIA
20	DALLAS/FORT WORTH, USA

Continued from page 29

in Munich – “contrary to all prevailing trends,” he added – is general cargo freighter traffic, which has increased by 33 percent over the last two years since the launch of scheduled service by Cargolux. This was later followed by the rapid expansion of AirBridgeCargo in Munich, and more recently by five weekly flights by Yangtze River Express. “We are experiencing a veritable boom in this area,” he said.

To the northwest, Steven Polmans, head of cargo sales and marketing for the Brussels Airport Co., said that Brussels Airport saw a 10.4 percent increase in total cargo traffic in the first eight months of 2015. He cites “several new full-cargo carriers” – including Ethiopian Airways, Qatar Cargo, Yangtze River Express and KF Aerospace – and new routes that have been started over the last 12 months, serving markets in the U.S., Canada, Africa, China and the Middle East. “These new routes and carriers have not been cannibalising any of the existing routes,” he said. “Also, the

volumes transported by our integrator, DHL, remained strong and showed continuous growth. This is very encouraging, taking into account the general trend we see at most airports and in Europe in general.”

Paying it forward

Regardless of whether these airports are seeing increases or decreases in their handles, it's usually a good idea to make sure the concerns of the forwarders are heard. And many of the top airports have responded with new improvement projects.

Polmans, for instance, said Brussels has been investing a lot of time and money in landside activities, often in cooperation with forwarders and shippers, including last year's CEIV-Pharma cool chain certification project undertaken with the BRUcargo community. “Two of the main commodities we are focussing on are pharma and perishables. This should benefit our forwarders, as it will be better and easier for them to transport cargo via our airport,” he said.

In some cases, providing enough elbow room goes a long way. In Miami, Mangos said MIA has been working with the Florida Department of Transportation to rebuild N.W. 25th Street, the main corridor for the more than 5,000 freight trucks entering and exiting the cargo terminal every day. Improvements, which should be completed next year, will reduce traffic and travel times and separate the trucks from the commuter traffic. At Frankfurt, the airport widened the existing roadway to the cargo area to four lanes, providing better access, and opened a new truck parking facility at CargoCity South. The result has been less traffic congestion. In Hong Kong, HKIA has been adding new parking stands for freight trucks, including nine that have been added since last December.

Speeding up the customs process is also a plus. HKIA has set up its “Air Cargo Clearance System,” a round-the-clock electronic customs clearance service that makes the process paperless, which HKIA has achieved for about 60 percent of its air waybills.

uncil International has ranked the world's top 20
ight handled and international airfreight handled.

TOP 20 AIRPORTS: DOMESTIC FREIGHT 2014 (METRIC TONNES)

CODE	DOMESTIC FREIGHT	Y-o-Y % CHANGE
MEM	3,995,160	3.4
SDF	1,792,080	4.3
PEK	1,049,984	(0.1)
IND	1,034,770	(1.1)
PVG	767,864	10.2
HND	765,288	3.4
SZX	758,076	5.3
ANC	705,467	(5.3)
LAX	698,995	1.0
CAN	657,592	5.4
CTU	467,805	7.6
OAK	465,533	1.6
CVG	426,384	8.7
SHA	395,201	(0.3)
EWR	376,476	(1.2)
ONT	374,853	3.1
HGH	363,131	6.5
ORD	335,668	0.7
CGK	310,782	(2.4)
DFW	299,881	5.3

WORLD AIRPORT RANKING: INTERNATIONAL FREIGHT 2014 (METRIC TONNES)

RANK	CITY, COUNTRY	CODE	INTERNATIONAL FREIGHT	Y-o-Y % CHANGE
1	HONG KONG, CHINA	HKG	4,376,349	6.0
2	INCHEON, SOUTH KOREA	ICN	2,474,152	3.3
3	DUBAI, UNITED ARAB EMIRATES	DXB	2,367,574	(3.1)
4	SHANGHAI, PEOPLE'S REPUBLIC OF CHINA	PVG	2,334,368	8.1
5	TAIPEI, CHINESE TAIPEI	TPE	2,072,602	6.2
6	TOKYO, JAPAN	NRT	2,043,372	5.3
7	FRANKFURT, GERMANY	FRA	2,007,318	1.7
8	PARIS, FRANCE	CDG	1,858,482	1.3
9	SINGAPORE	SIN	1,843,800	0.3
10	ANCHORAGE, USA	ANC	1,787,287	6.6
11	MIAMI, USA	MIA	1,739,005	3.8
12	AMSTERDAM, NETHERLANDS	AMS	1,633,195	6.7
13	LONDON, UNITED KINGDOM	LHR	1,497,701	5.4
14	BANGKOK, THAILAND	BKK	1,193,300	0.3
15	LOS ANGELES, USA	LAX	1,044,835	5.6
16	NEW YORK, USA	JFK	1,002,569	3.6
17	DOHA, QATAR	DOH	980,114	13.2
18	CHICAGO, USA	ORD	972,803	16.1
19	LEIPZIG, GERMANY	LEJ	840,987	3.0
20	ABU DHABI, UNITED ARAB EMIRATES	AUH	797,069	12.8

Source: Airports Counsel International (ACI)

Similarly, at Schiphol, three handling agents and three forwarders are beta-testing the airport's "E-link project," that replaces customs paperwork with a "smartcard" that keeps track of all relevant data for each shipment. So far, E-link has achieved 25 percent time savings for some processes, van Stekelenburg said.

Above all of these physical and digital improvements, there is the sense of community that some airports foster, including Amsterdam Schiphol, which has recently created what it calls its "Milk Run," currently offered on a trial basis. Rather than have every forwarder go it to the cargo terminal to pick up shipments, the group pools its resources to hire one delivery firm to pick up all cargo from the handlers and deliver it to each forwarder. By cutting the trips to just one, van Stekelenburg explained, the airport can reduce traffic, time, noise, fuel and CO2 emissions. So far, he said, forwarders DHL, Panalpina and Nippon Express have taken part, along with handling agent Menzies, Bos Logistics and Cargonaut.

At Frankfurt, the forwarders have been organized into what's called the Air Cargo Community Frankfurt, a registered association dedicated to representing the interests of air cargo-related companies at FRA, Schusdzziara said. The community recently expanded, too, with five new members: Swissport Cargo Services Deutschland, Dachser, Thermotrafic, Sovereign Speed and my Logistics.

Sneak peek at the next peak

After a long and volatile year for many airports, are there any signs of relief on the way? In Asia, it may be too late to see a turnaround this year. HKIA said that "the weaker cargo trend is expected to continue" for the rest of 2015. But some airports in Europe and North America remain hopeful for the coming peak season.

German airports seem to be particularly cheerful. At Fraport, Schusdzziara said he is optimistic about export projections. "The growth rate for Germany in 2015 and 2016 is forecast by the major research institutes to be higher

than many had originally expected," he said. In Munich, Heinelt said he expects to see growth "in the double-digit range" during peak season. "We have received indications from the cargo airlines and the top logistics companies that they plan to step up their activities in Munich on Asian and North American routes."

In MIA, Mangos also has a positive outlook. "With fuel costs maintaining their present levels, MIA should experience an upward trend in cargo beginning in the fall, due to end-of-year tonnage typically being the highest of the year."

Despite the still shaky European economy, Brussels' Polmans said he also sees "signs we are back on the right track" and that overall volumes should increase this fall, even if the recovery will most likely not be very strong. He sums up the attitudes of many airports as we head into peak season: "For many of us, it will be good if we can leave 2015 behind us, hoping 2016 will be better."

ACW





WINGS OF PARADISE

HOW THE CARIBBEAN IS POSITIONING ITSELF AS A CARGO GATEWAY

By Linda Ball

This coming February, when most of the Northern Hemisphere is locked in another dreary winter, a 777-200LR is expected to touch down at Tocumen International Airport, packed with 256 passengers. The crowded flight will be of no surprise, as the destination is Panama City, Panama, a languid tropical setting that many northerners dream of visiting in mid-winter.

What's unusual will be the origin of the flight: Dubai, United Arab Emirates. The daily flight, operated by Emirates Airlines, will cover roughly 13,800 kilometers, which is currently considered the longest scheduled nonstop flight – 17 hours, 35 minutes. Even more important to freight forwarders in the area will be the 15 tons of belly capacity that each flight will contain.

“Panama City will be our first destination gateway in Central America,” read a statement from Emirates after the new route was announced in August. The daily 777 will also open up the entire Caribbean region to the vast global air cargo network operated by Emirates.

Upon mention of the Caribbean, most people think of idyllic white-sand beaches, Hollywood pirates, the magical sound of steel drums, a handsomely

crafted rum cocktail. But the region ringed by Central America, the northern coast of South America and an arc of island nations stretching toward the tip of South Florida – is more than a picturesque vacation spot. It is becoming a key jumping-off point for cargo flights between the Americas and the rest of the world, including Europe, Africa and now the Middle East.

As the old Jamaican saying goes: “Alligator lay egg, but him nu fowl.” Things are not always as they seem.

Opening doors

Panama's Tocumen Airport has been one of the key linchpins in the rise of the Caribbean as a cargo hotspot. Earlier this year, IATA reported that aviation and aviation-related tourism contributes around US\$5.9 billion to Panama's economy annually, an amount equal to 12.6 percent of the country's GDP. This is much higher than the global average contribution of 3.4 percent, which the organization said reflects the positive impact of efficient connectivity to Panama's economy.

Imports to Panama include pharmaceuticals, machinery products, iron/steel rods and electronics. Panama operates two of the busiest ocean ports in Latin America, including the Colon

Free Trade Zone, which is the world's second-largest free-trade zone.

Emirates is not the only carrier seeing potential in the Caribbean. In January Colombia-based Avianca Airlines began carrying belly cargo on a route from Miami to Panama, then back to its hub in Bogota. Avianca Cargo has been expanding its Caribbean operations since purchasing Medellin-based Tampa Cargo in 2008 and AeroGal in November 2010. The company, although under one umbrella, still maintains the separate brands. AeroGal carries general belly cargo in a Quito, Guayaquil and Galapagos Islands route, while Tampa Cargo is known for carrying fresh flowers. “Flowers are one of the most important exports,” said Victor Mejia, vice president cargo for Avianca. In fact, Avianca Cargo carried 36 percent of the flower traffic in Colombia and Ecuador from January to August this year.

Mejia said the airline's biggest operation for inbound and outbound cargo is Miami, where it has 12 percent of the market share with the second-highest amount of traffic in/out from January to July this year. “We're growing at the fastest pace of any carrier [in the region],” he said, adding that Avianca is the biggest cargo operator in Colombia.

Continued on page 34



CUBA: THE WILD CARD OF THE CARIBBEAN

With relations softening between the United States and Cuba, one has to wonder about the possibilities of trade and business opportunities for the Caribbean region should the final trade barriers fall.

U.S.-based transportation and logistics company Crowley has been shipping goods to Cuba since 2001 by sea, mostly poultry and food products. Jay Brickman, Crowley's vice president of liner services, said it's complicated when it comes to the decades-old U.S. embargo. He said there are four amendments that have to go through the senate and house and eventually to the president. "It depends on a lot of things," he said. "Legislators opposed to opening trade with Cuba have the ability to veto the amendments. Then the question is, is this still something they want to do?"

Both Brickman and Cari Cossio, of U.S.-based OHL Logistics, said the biggest problem with Cuba is infrastructure. Cossio said the roads are terrible and the business knowledge of the islanders in Cuba is limited. "They have a lot to do. They need tires, trucks," she said. "How are they going to move freight in trucks from the '60s?"

Cossio said negotiations between Cuba and the U.S. will have to be massaged, because businesses from other countries have been kicked out by the Cuban government and their assets seized. "The Spaniards and the Canadians have done business in Cuba, but they've had trouble because the money is manipulated by the Cuban government," she said. "And at the end of the day, we're still facing OFAC [the U.S. Office of Foreign Assets Control]," which is responsible for enforcing sanctions against foreign countries. Cossio said many of the older Cubans who now live in the U.S. will be against trading with Cuba because their assets were seized when they left.

Raul Dube, with Miami Air Lease, said expanded trade with Cuba would have to be bilateral. "There are a lot of demands on the Cuban government," he said, in the form of compensatory claims from Cubans living in the U.S. who lost assets. In the meantime, every day there are developers, architectural firms and investors going to Cuba to look for possible opportunities. According to an article in *The Washington Post* earlier this year, Cubans earn an average of \$20 a month, which limits their potential as consumers. Exporters who sell agricultural and other permitted items to Cuba, often don't get paid because of the lack of credit and direct banking between countries. Not only that, as Cossio said, the economy is government-controlled, and, with the exception of a few sectors including agriculture and telecommunications, U.S. firms are prohibited from selling to the Cuban government at the present.

Brickman said the Cuban government is overwhelmed right now with requests from everywhere; China, Iran, Mexico, France, and Brazil all want a piece of Cuba, not to mention Russia's president Vladimir Putin, who is "very, very aggressive," he said, and is willing to forgive all of Cuba's debts to get in on any investment opportunity. He said these countries are concerned the U.S. will get there first and snap up all the best investments.

It will no doubt be some time before it is known what role Cuba will play in the airfreight market in the Caribbean. Cuba has been trading with other countries besides the U.S. Even with all of the obstacles outlined above, IATA forecasts Cuba to remain the largest economy in the region in terms of GDP through 2033, with forecast growth of 4.6 percent per year over the next 20 years. But until U.S. lawmakers lift the embargo, it's a wait-and-see situation.

Wings of Paradise

Continued from page 33

Avianca has invested heavily in new aircraft and new infrastructure to set itself apart, including improvements to its maintenance facility at Tampa Cargo's base in Medellin. Avianca also maintains its passenger aircraft at the facility.

Part of Avianca's cargo strategy is to supplement its freighters with belly cargo on its passenger flights in order to offer more destinations, Mejia said. "We've been finding ways to create new traffic," Mejia said. He said the airline is accomplishing this by creating new lanes and alliances. For instance, Avianca has partnered with Abu Dhabi-based Etihad, which signed an agreement to carry goods from Milan to Bogotá, then ship South American goods back to Amsterdam-Schiphol. The cargo shipped from Europe – 65 percent comes from Italy and the other 35 percent from other European countries – is then sent to many destinations in South America, with 30 percent staying in Bogotá.

Avianca has also introduced some new freighter routes this year such as Bogotá to Los Angeles, Bogotá to Barcelona and Bogotá to Santiago de Chile. The airline also recently launched widebody passenger service on a route connecting El Salvador with Guarulhos (Brazil) via Lima.

El Norte

While business continues to heat up in Central and South America, there is also activity to the north in the vast U.S. market, and South Florida is the main gateway between both regions. The summary of the 2014 report for Miami-Dade County International Trade in Goods noted that, although the city and county accounted for just 2.2 percent of the total U.S. trade, it handled 16.4 percent of the U.S. trade with South America and 20.1 percent of the country's trade with Central America and the Caribbean in 2014.

In terms of airfreight, Miami International Airport (MIA) handles 85 percent of all air cargo imports and 80 percent of all air exports between the U.S. and the Latin American/Caribbean region. In 2013, MIA handled 40,437 tonnes of air cargo between the U.S. and Caribbean region, worth more than \$2.02 billion in trade.

Moving forward, Boeing forecasts that air trade from Latin America to North

America is projected to grow 5.2 percent annually and air trade to from North America to Latin America will grow 5.3 percent per year for the next 20 years.

Miami-Dade's biggest export partner in the region was the Dominican Republic, with almost \$2 billion in total exports (air and sea) in 2014, followed by Panama with almost \$1.4 billion. Air Cargo Management Group, a partner of *Air Cargo World*, said in a recent study that not only is trade between the U.S. and the Dominican Republic burgeoning, but Panama is benefitting from the short-term trade boom generated by the widening of the Panama Canal.

Interest is also increasing from across the Atlantic. Boeing said the Dominican Republic is still Europe's largest air trade partner in the Caribbean, accounting for 29.5 percent of the area's total trade with Europe in 2013. Additionally, Boeing forecasts that air trade between Europe and the Caribbean basin will grow by 3.5 percent annually over the next 20 years, with air cargo traffic from Europe to the Caribbean forecast to grow at an average annual rate of 2.8 percent. Air cargo traffic from the Caribbean to Europe is forecast to grow an average of 4.1 percent annually.

Forward thinking

Cari Cossio is the station manager at OHL Logistics' Miami office. She is also the chairman of the board for the Florida Customs Brokers and Forwarders Association. Her company does a great deal of business with Jamaica and the island of Dominica, in particular, but also the Dominican Republic, Brazil, Honduras, El Salvador, Argentina, and Chile. Most of her business is exports of various commodities from the United States to those countries, but Columbia, Chile, Peru and Ecuador export perishables such as flowers, fruit and vegetables. The majority of OHL's freight does go by sea – for example Miami to Honduras is only three days by sea – but the perishables must go by air.

Cossio said Jamaica is importing commodities to support its hospitality and tourism business, including paper goods and luxury items enjoyed by tourists. The Dominican Republic, Costa Rica and Honduras also import items to support tourism, and goods for manufacturing. Cossio said Guatemala is OHL's largest importer and exporter,

mainly due to the textiles industry. The country imports textiles and machinery, mainly from China and Indonesia, then it exports the finished clothing products to several markets.

Panalpina has a large presence in Latin America and the Caribbean, which includes Panama as a distribution hub for the Caribbean and parts of South America. Ferdinand Kurt, CEO Americas for the forwarder, said perishables are a key export market for the region, but he said most of Panalpina's Caribbean and Latin American business was import driven. Globally, Panalpina is very active in telecom, and the Caribbean usually has a great deal of rebuilding and developing going on, which includes upgrading communications. "Honestly, I think today [the Caribbean] doesn't play a huge role percentage-wise, but I see some potential for the future," Kurt said.

Lourdes Leon, the owner of Atlantic Overseas Express, Inc., and co-chair of the education committee for the Florida Customs Brokers and Forwarders Association, said her company works with the islands, specifically Haiti, Turks and Caicos, and Santo Domingo in the D.R. "South Florida is very important to the islands," she said. Atlantic Overseas Express mainly caters to the building material and hardware industry, but it also delivers goods to Turks and Caicos for tourism. She said she has been working with Haiti for 20 years – with quite a surge in the rebuilding after the devastating 2010 earthquake. With the strong dollar however, business with Haiti has slowed down.

Fort Lauderdale-based all-cargo airline Amerijet considers the Caribbean a very important market and its core destination. To say the carrier flies all over the area is no exaggeration. Amerijet flies Monday through Saturday to Puerto Rico, six times weekly to Trinidad, four times weekly to Barbados, five times weekly to Panama, Honduras and San Salvador, twice weekly to Georgetown Guyana and five times weekly to the Dominican Republic – to name just a few. Carlos Gonzalez, senior director of sales for Amerijet, said the carrier's 767-200 and 767-300 freighters bring in imports to the area including fabric, apparel, consumer electronics, perishables and a considerable amount of live animals, including thoroughbred horses, sheep, goats, birds, dogs, cats

Avianca Cargo is a major player at Miami (where this A330-200F is taxiing to the cargo ramp), with a 12% share of the cargo traffic that transits the airport.



Photo: ©Olmo Carras Medau

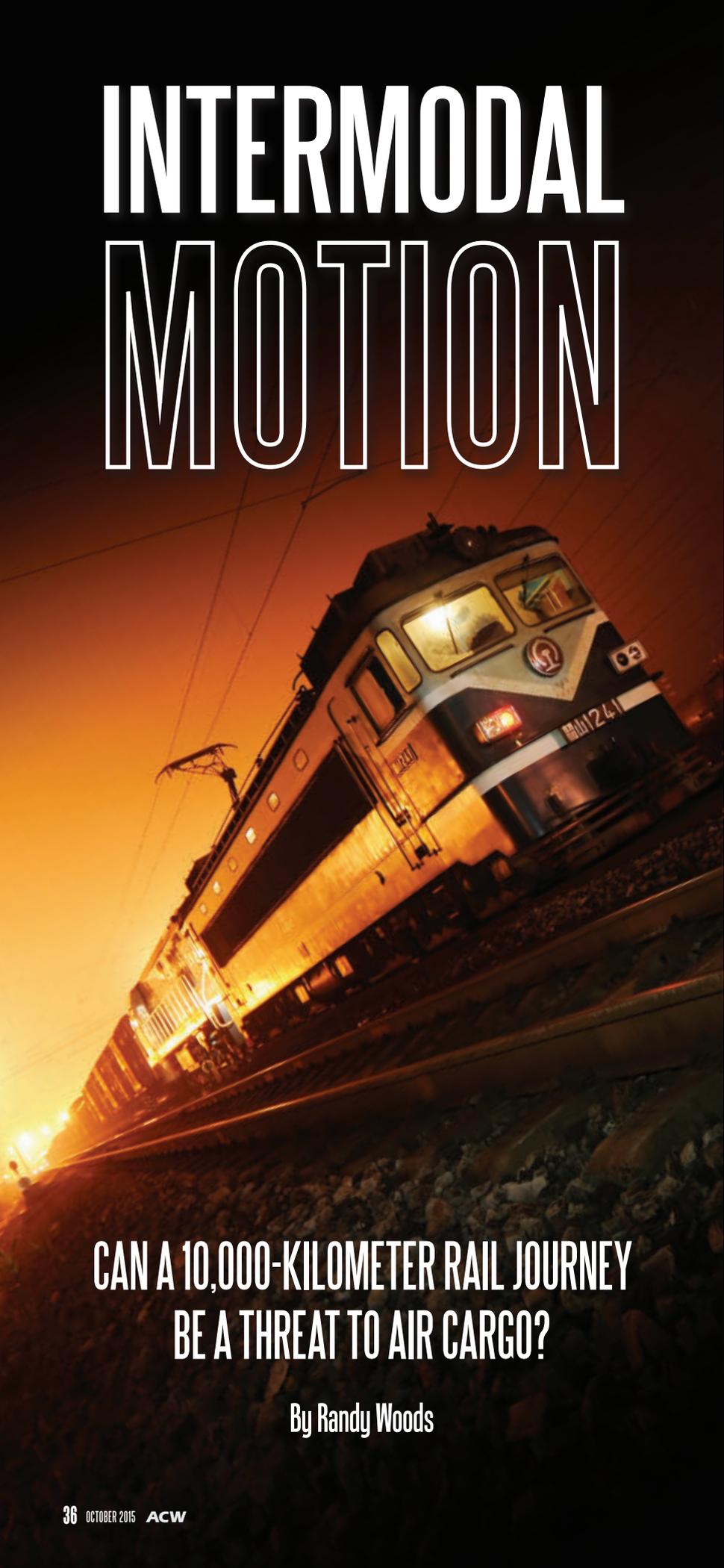
and farm animals. Puerto Rico, Antigua, Trinidad, Barbados, Jamaica, the Cayman Islands, Guyana, Aruba and Curacao are enthusiastic about horse racing so Amerijet transports a fair amount of thoroughbreds to these locations. Central America receives general freight and animals, Gonzalez said, but business with Venezuela has been slow for the past year and a half due to the soft oil prices.

Puerto Rico has had its share of hardship the past couple of years with industries leaving the commonwealth Gonzalez said, but Amerijet still ships perishable products to the island. Additionally, a substantial amount of goods are brought in to support tourism in all the islands, for resorts or businesses that cater to resorts. Gonzalez said the entire region is going to see 2 to 3 percent growth a year for the next 20 years, based on statistics and Boeing projections. He sees no reason why there would be a decline.

In a relatively small geographic area, the potential for trade within the Caribbean region and with the rest of the world is there just waiting to be discovered. The carriers and forwarders that serve the area have a genuine sense of community, including going the extra mile to help in times of need. For example, the island of Dominica was left in shambles Aug. 27 when Hurricane Erika bore down on it. "They were hit the hardest," said Christine Richard, Amerijet's director of marketing. "We're there to support the local community not only economically, but helping them export their goods." Those exports include finished apparel, manufactured goods, vegetables and seafood. And, you never know – that seafood from Dominica might just show up on someone's dinner table in Dubai.

Which brings up another Jamaican saying: "Every mickle mek a muckle." Every little bit adds up.

INTERMODAL MOTION



CAN A 10,000-KILOMETER RAIL JOURNEY BE A THREAT TO AIR CARGO?

By Randy Woods

When Marco Polo began writing about the wonders of China's Kublai Khan and the famous Silk Road in the late 13th century, it took him about four years to make the 10,000 kilometer journey, mostly on foot. Since then, we've made some serious improvements in travel. A direct flight from Beijing to Italy can be done in less than 11 hours – just enough time to watch the entire first season of the Netflix TV series “Marco Polo” on your iPad.

Today, the Silk Road is just as active a trade route as it was 700 years ago, but there's a certain “back to the future” feel to the most recent projects linking Europe and China. The mode of choice being talked about now is not ocean or air cargo but railfreight. Trains with 50 railcars leaving cities in Germany and Poland are carrying goods across the steppes of Russia, through the forests of Siberia and desert scrub of the Gobi, and reaching China's industrial centers. And once in China, they load up with Chinese-manufactured goods for the return journey. Total time from one side of Eurasia to the other: 15 days, on average.

But those in the airfreight business who dismiss two-week delivery times as too slow to worry about, in terms of competition, may need to pay more attention to their customers. Once dismissed as a novelty, rail is starting to fill a sweet spot in between the speed of air cargo and affordability of sea-freight.

“Fifteen days is really getting the attention from many European shippers,” said Joost van Doesburg, airfreight policy manager at the European Shippers' Council (ESC). “That's a nice amount of time for some categories of goods that are either too cheap or too heavy for air. Rail is a good intermediate option.”

This 19th century answer to a 21st century cargo need is very much driven by the demands of shippers and forwarders to provide an alternative to air and ocean. Starting with a few trial projects by DB Schenker and DHL Global Forwarding five years ago, there are now similar containerized rail services on the same Silk Road tracks being offered by top forwarders and integrators, such as Panalpina, Kuehne + Nagel, Kerry Logistics and UPS. In August, UTi Logistics joined the fray

with the launch of its own railfreight service, to be called the “Iron Silk Road,” in partnership with Chiangjiu Logistics, the Port of Dalian and the Harbin Railway Bureau.

“Rail service cannot replace air,” said Raymond Lee, UTi’s managing director for Greater China. “However, it can help clients to better manage their supply chain by mixing use of ocean, rail and air. It definitely can help to save the cost. Before, if customers missed an ocean sailing schedule, they had no other alternative but air. Today, they can consider rail.”

All aboard

While each of the various rail projects has its own unique characteristics, most of these routes follow roughly the same two sets of tracks for most of the journey. There is the Northern Route, which begins in Germany and Poland and continues east, straight across Russia on the Trans-Siberian railway before heading south and entering China through the border city of Zabaykalsk and continuing on to cities such as Beijing, Zhengzhou and Suzhou. Then, there is the Southern Route, which at first mirrors the Northern Route though Poland, but splits off earlier and heads southeast toward Kazakhstan. After crossing the former Soviet republic, the line enters China’s western desert provinces at Alashankou, China, and continues on to cities such as Chongqing, Chengdu and Zhengzhou.

Charles Kaufmann, CEO, North Asia, and head of value-added Services for DHL Global Forwarding Asia Pacific, said DHL began trial runs for these routes as early as 2010, establishing a twice-weekly northern connection from Chengdu to Lodz, Poland, which took about 17 days, and another from Zhengzhou to Hamburg, which took about 14 days. In general, he said, railfreight costs about 50 percent more, compared to oceanfreight but can be up to 10 times cheaper than airfreight.

“We were one of the pioneers of the China-Europe route by rail,” said Daniel Wieland, senior vice president, rail logistics, for DB Schenker. “We started with a very big client for the block train, from Chongqing to Duisburg [Germany] back in 2011.” In 2014 the service was opened up to

multi-customer trainloads with LCL shipping capabilities.

Goods that are shipped include electronics from HP, automotive parts from BMW and various couture fashion items, which are valuable enough to be time-sensitive but also don’t need to be sent via air. Seafreight times averaged about 40 days between Europe and China.

“Some customers were hesitant at first,” Wieland recalled. “But after a few trial runs, we were able to estab-

“Fifteen days is really getting the attention from many European shippers ... Rail is a good intermediate option.”

—Joost van Doesburg, airfreight policy manager, European Shippers’ Council

lish good regularity of trains. You may have an occasional operational hiccup, but the process is normally seamless.” Today, he added, Schenker sees a “more balanced ratio” of cargo going east to China and west to Europe. “Going west, most of the goods are, for example, electronics, fashion and toys. Going east, from Europe to China, we have mostly automotive parts, perishables and industrial goods. All these goods used to go only from China to Europe.”

DB Schenker, part of the Deutsche Bahn rail conglomerate, has also created some air cargo opportunities for the electronics shipments. “These are sent by rail from China to Frankfurt and then flown to Brazil and other Latin American destinations,” he said.

While the DHL and Schenker projects provided proof of the railhaul concept, it wasn’t until 2013, when China’s President Xi Jinping began implementing what has become known as the “One Belt, One Road” strategy, that the rail corridor began to see steadier traffic. One Belt, One Road, in a nutshell, is an attempt by the govern-

ment to get China’s economy back to double-digit growth by making heavy investments in its rail and maritime connections with Europe.

The land-bridge rail corridor is called the “Silk Road Economic Belt,” while the seafreight corridor is considered the “Maritime Silk Road,” connecting China to Southeast Asia, the South Pacific, South Asia, Africa and Europe. According to the Civil Aviation Administration of China, 51 of the 193 civil aviation construction projects planned for this year are directly related to these Belt and Road initiatives. Total spending for One Belt, One Road infrastructure projects topped \$161 billion as of March 2015. In Kazakhstan alone, China has invested \$40 billion in road and rail improvements.

I think I can, I think I can. . .

This kind of funding can help smooth out many logistical glitches along the way, but, as can be expected on a journey of more than 10,000 kilometers, there still are a few challenges to solve on these Silk Road tracks – not the least of which are the harsh weather conditions along the route.

“The winter weather can be tough in Siberia,” said van Doesburg of the ESC. “Minus-40 degrees can be a real problem for many sensitive goods. During the heart of winter, the Southern Route is also closed, so there’s only the Northern Route through Siberia.” Most containers manufactured today, he added, are equipped with thermal insulation and have active temperature control systems to prevent freezing.

Fortunately, the local authorities along the route are also well prepared for snow and cold. As Wieland said, the tracks are used more by passenger trains as a vital lifeline to travel between cities in Russia, so keeping them clear is a priority, no matter what. “If snow covers part of the tracks, they immediately remove it,” he said. “I’ve seen pictures of snow drifts of 5 to 7 meters high, but the tracks are always cleared.”

To help prevent problems with the bitter winter cold – as well as the steamy summers – UTi’s Lee said the company is considering implementing a “Smartbox” tracking system to monitor the status of the cargo in transit and report any “alarming

Continued on page 38

Continued from page 37

situations” to designated customers in real time. Parameters could include humidity, temperature, location, acceleration, exposure to light and pressure, he added.

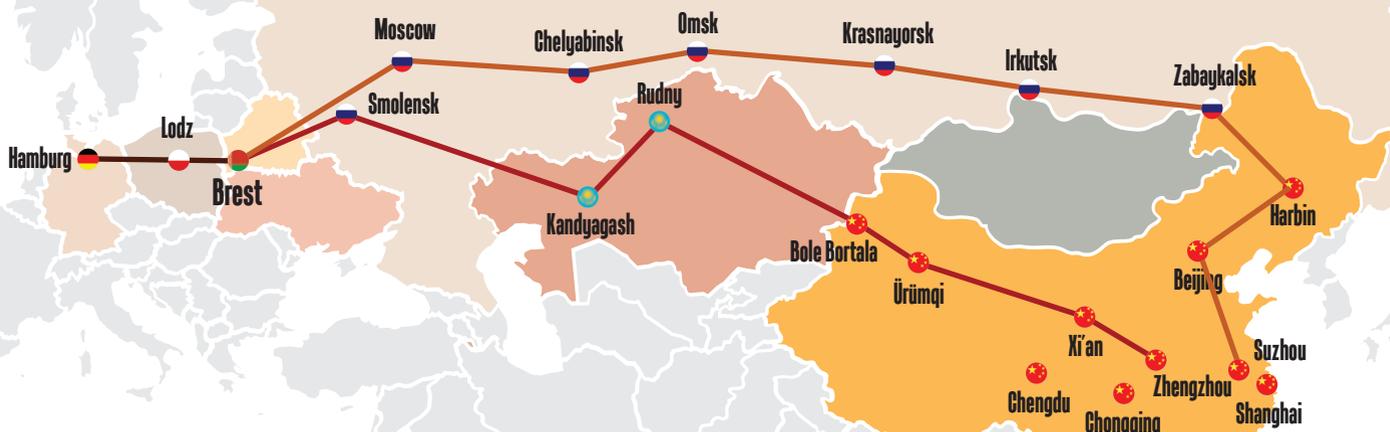
Besides the weather, there was another basic fact to contend with: the tracks between China, Russia and Europe don't match up correctly. Russia, Kazakhstan and Belarus have a wider rail track gauge (1,520 mm) than does China and Europe (1,435 mm). So, for every shipment, the trains are halted at the China-Kazakhstan, China-Russia and Belarus-Poland borders and the containers are all transferred onto new railcars with the correct gauge.

“With about 50 containers per train, the whole trans-shipment process takes about two to three hours each time,” Wieland said. Because agreements have been worked out between the countries through which the rail traffic is carried, the customs process is also speeded along. “At first, trains would have a huge pile of paper to process at each international border,” he said. “But today, the customs authorities have reduced the number of documents needed.”

Also, about that 50-car train: the rail operators would like to use longer trains to make the process more efficient, but there is a limit to how long freight trains can be in Europe.

SEE HOW THEY RUN

Most of the Eurasian railfreight systems use two main sets of tracks: a Northern Route through Siberia, and a Southern Route through Kazakhstan and Western China. As the systems develop, feeder routes will be added at the major stops to consolidate more cargo.



“Passenger traffic takes priority over freight trains [in Europe], so they sometimes have to be pulled to a side track,” Wieland explained. “To fit on this side track, the train has a limit to how many railcars you can operate.”

The threat to air

So, to recap, we have a transport mode that is 30 times slower than air, needs two trans-shipments to get to its destination and faces some of the harshest weather in some of the most remote places on earth. How, again, can rail be considered serious competition to airfreight?

Van Doesburg says it comes down to giving shippers another viable option. In the last few years, a lot of commodities shifted from air to ocean to save money, but then the big box carriers began the practice of slow-steaming to save fuel. So, when oceanfreight became too slow, shippers had little choice but to go back to airplane main decks and bellies. But now that rail is emerging, shippers are gravitating toward an affordable third option with a reliable transit time. “Because of this, we predict this will be a much bigger competitor to the air industry than to ocean,” he said.

There is also a question of scale to consider, van Doesburg said. The typical 40-foot intermodal container can carry about 30 tonnes of goods. That one rail container, then, is roughly the

same as a belly load for a 777. “When you have 75 wagons tied together in a train, that’s like towing seventy-five 777s,” he said. “For an air carrier, that’s a really significant amount. But for oceanfreight, where one ship can carry 22,000 FEUs, that’s really not a big threat.”

“When we started rolling trains out of Chongqing in 2011, we were acquiring a lot of volume from goods that had been shipped by air,” agreed Wieland. This largely included various electronics that were destined for Europe.

One enthusiastic rail client has been BMW, which used to ship in-demand spare parts by air, but now sends most of its parts to Asia on the Silk Road lines. “At HP, there are no longer any printers sent by air,” van Doesburg said. “Laptops would be too sophisticated to be sent by train, but printers are much simpler and cheaper, so they are also going by rail.”

Michael Hollstein, managing director of UTI’s German, Austrian, Swiss and Nordic operations, said the mode shift to rail is not solely based on financial aspects. “More enterprises are considering the environmental impact as one component of their logistics strategy,” he said. The carbon emissions of rail are up to 90 percent less than that of airfreight because the majority of the route used by UTI is operated by electric locomotives. “In this regard, the train is unbeatable compared to air and ocean.”

Continued on page 41

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Continued from page 38

Getting railroaded

Although these new Silk Road systems may be greener and popular with shippers and forwarders, there still remain many airfreight skeptics as to the long-term viability of rail-freight, especially in the Asia-Pacific region. For Tom Crabtree, regional director for airline market analysis, marketing and business development, at Boeing, his doubts can be summed up in one word: Russia.

Crabtree, who has done extensive research on doing business in the region since the late-Soviet era of the 1980s, said the state-owned Russian Railroad Corp., known as RZD, is still a hopelessly outdated system that is plagued by delays and is slow to upgrade its decades-old infrastructure.

While China is pouring funds into rail modernization, "there has been no new rail investment in Russia for many years," Crabtree said. Part of the Northern Route of the Silk Road service uses the Baikal-Amur Mainline (BAM), which was built as an alternative to the century-old Trans-Siberia Railway, linking Moscow and Vladivostok. Long stretches of the BAM date back to the 1930s, and the project wasn't fully complete until the 1980s, he said.

"The rail option is limited because you can't use double-stack freight containers on it," he continued. "The tunnel infrastructure along the line was never built to accommodate the height of two stacked 40-foot intermodal containers, so you can't get the same efficiencies as you can get in other regions of the world."

Crabtree said he also expects problems with security and reliability. "In Russia, the domestic vitriol against the West today is even worse than in Soviet times," he said. The remoteness of much of the route, he said, leaves the trains especially vulnerable to theft during the journey.

Even ESC's van Doesburg, who has sung the praises of the Eurasian rail link at various cargo conferences, is the first to admit there are some serious limitations to this mode of cargo transport – including the price. "The cost is still not really attractive," he said. "It's cheaper than air, but it's too much more than for ocean shipping."

While today's rail containers are well-equipped with sensors that let you know when a shipment is being tampered with, they aren't much help in remote locations. "Say an alert goes off about a problem in Siberia. What can you do about it? Call the forwarder?"

These problems, he said, are not limited to Russia, either. "If you're sending something by rail from, say, Rotterdam to Genoa, the average speed is just 35 kilometers per hour," he said. "Now just imagine how many other things can happen along the way to delay shipments from Europe to China."

Chugging along

Despite these concerns, van Doesburg remains positive that there have been "a progressive line of improvements" to the rail service in recent years. According to a recent report from Henan TV, cited by DHL's Kaufmann, the China-Europe rail traffic from January to July 2015 have already exceeded the total rail traffic figures for 2014. There's also been a 221 percent increase in train trips, year-over-year, to 328 during the same period.

If railfreight is going to succeed anywhere, it has to be in Eurasia, van Doesburg said. "You might see some niche markets in Latin America or Africa, but you cannot find the same volumes and the connectivity that you can with these new Silk Road routes," he said. "China has influenced the development really well, creating new trade lanes."

"Volume growth has been in the double digits, and sometimes even triple digits," Wieland said. Next year, DB Schenker expects to see between 20 and 30 percent growth in Eurasian rail cargo volume. UT's Lee said the forwarder's current weekly 41 FEU rail shipments on its Iron Silk Road could increase to twice or even three times per week next year, "if the demand is justified."

"As I've been telling IATA, these are the dangers that are facing your mode of transport unless you take steps to make air transport more attractive to shippers," van Doesburg said. "Air carriers should make sure they modernize their processes or more customers will be happy to make the jump to a new mode." **ACW**

Asia-Pacific Carrier Traffic July 2015 & YTD

International scheduled services, monthly and YTD, for Asia-Pacific Airlines.

		FTK (mil.)	FATK (mil.)	Freight Load Factor
Monthly	July 2014	5,481	8,391	65.3%
	July 2015	5,358	8,631	62.1%
	YoY % Change	-2.2%	2.9%	-3.2 points
YTD	Jan.-July 2014	36,116	55,988	64.5%
	Jan.-July 2015	37,387	58,503	63.9%
	YoY % Change	3.5%	4.5%	-0.6 points

Source: Association of Asia Pacific Airlines

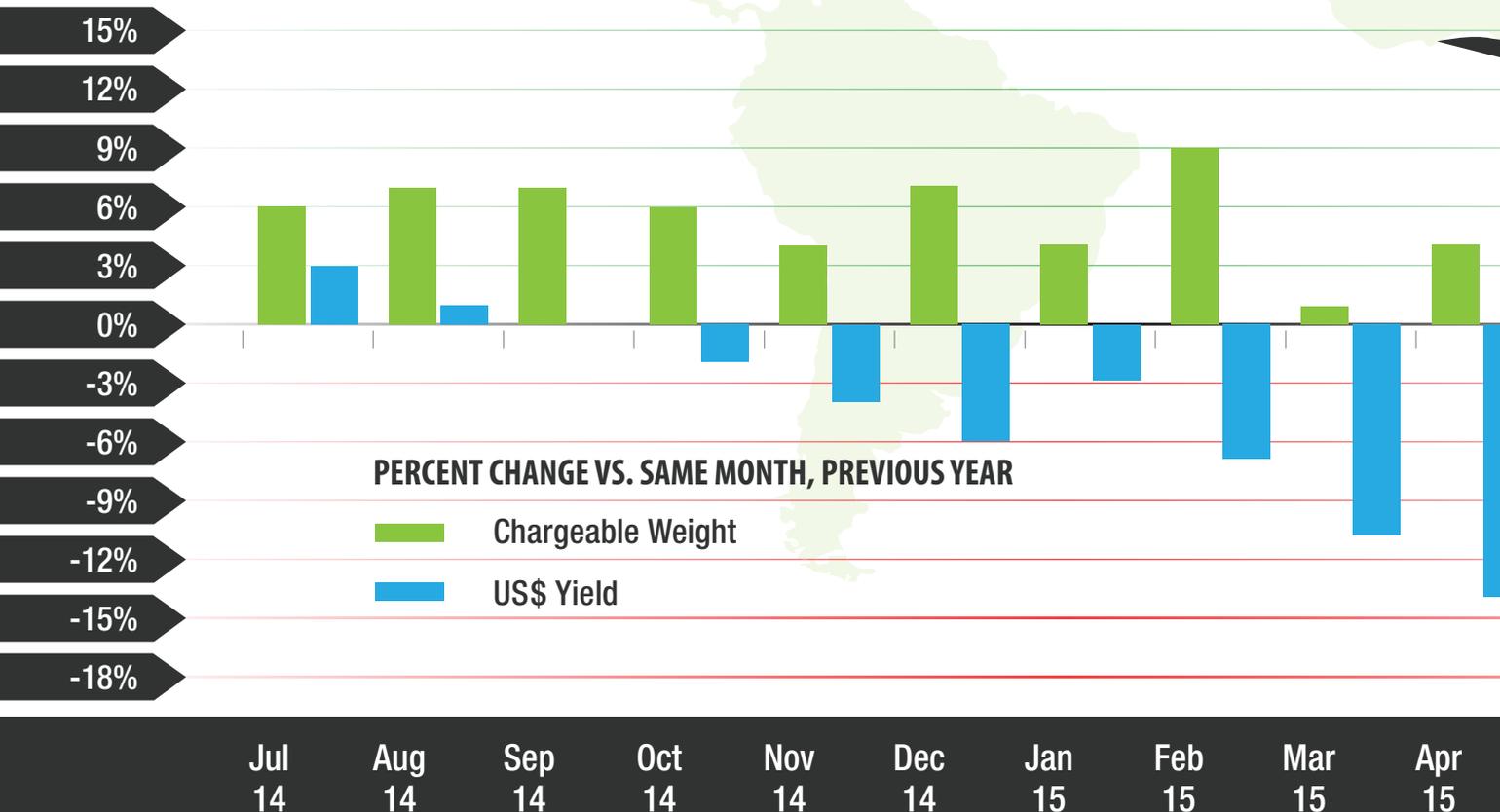
Markets for airfreight across the Asia-Pacific region “softened” in July, as demand for Asian exports continued to weaken, according to the monthly analysis by AAPA. Air travel demand remains robust, said Andrew Herdman, AAPA director general, but the weak cargo markets “highlight some wider concerns about downside risks to the global macroeconomic outlook, including the effects of slower growth in China, exaggerated currency movements and stock market volatility.”

Total Freight Growth by Region, July 2015 & YTD

REGION	% GROWTH YoY in FTK	
	July 2015	YTD
Africa	3.6%	4.8%
Asia / Pacific	-1.9%	4.2%
Europe	-1.5%	-0.7%
Latin America	-5.1%	-6.7%
Middle East	10.8%	13.8%
North America	-3.7%	-1.1%
Industry	-0.6%	2.9%

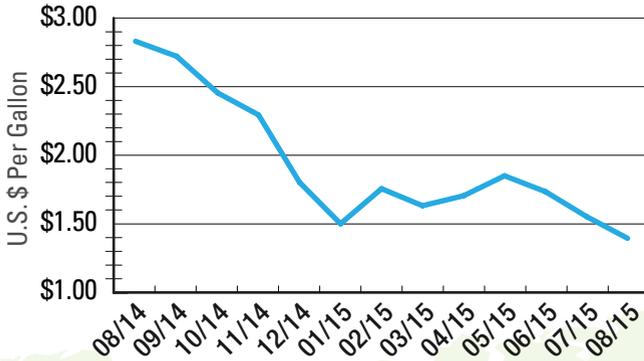
Source: IATA

Airfreight volumes fell further in July (-0.6 percent) on continuing weak trade activity, mostly in emerging markets, according to IATA’s July freight report. The only two regions to show year-over-year growth were Africa (3.6 percent) and the Middle East (10.8 percent). Steep y-o-y declines in freight tonne kilometer (FTK) volume continued in North America (-3.7 percent) and Latin America (-5.1 percent).



Jet Fuel - Spot Price, Last 12 Months

U.S. Gulf Coast, Kerosene-Type (wholesale price)

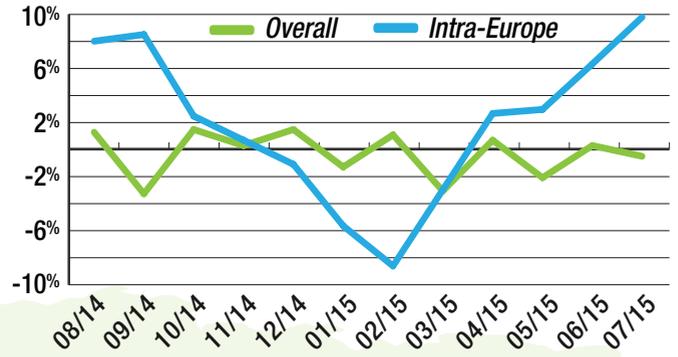


Source: U.S. Energy Information Administration

After a mild recovery this spring, the price of U.S. Gulf Coast, kerosene-type jet fuel continues its summer-long plummet, falling another 16 cents to \$1.39 in August, the lowest it's been since April 2009. The price has now fallen 46 cents since May.

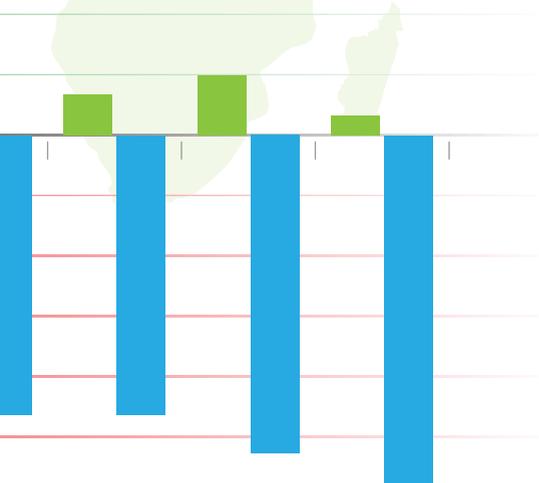
AEA: European Carrier Traffic

Monthly year-over-year percent change



Source: Association of European Airlines

July overall FTK figures for the European air carriers continued their pattern of up and down fluctuations, this time dipping 0.5 percent, year-over-year, compared to last July. Long-haul FTKs were also down by 1.1 percent, y-o-y, but intra-Europe FTKs continued improving. For the fifth straight month, intra-Europe traffic showed a y-o-y gain in FTKs, reaching just shy of 10 percent.

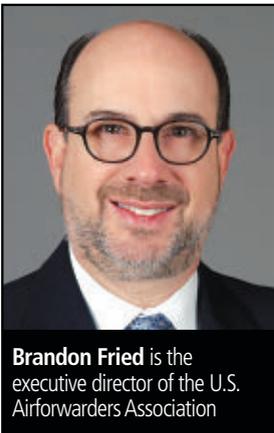


Worldwide Chargeable Weight & Yield (July 2015)

Source: WorldACD

July was a flat month in the global air cargo market, with volume growing by only 0.7 percent – the lowest monthly rate of growth in 2015 so far. In most previous years, July performed better than June, but not so this year. The African region grew the most in volume (6.2 percent), followed by Europe, with a 2.7 percent increase, mostly because of a rise in Asia-Pacific destinations other than China. Compared to the previous month, yields, sadly, had barely changed, dropping by 1.8 percent. “Contrary to what other sources reported recently, we did not see westbound yields improve in July over June,” said WorldACD.

May 15 Jun 15 Jul 15



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

The high costs of bargain hunting

by Brandon Fried

I love a bargain as much as the next person. If there is a quarter to be saved by buying three cans of peas instead of one at the grocery store or driving an extra mile to save a nickel on a gallon of gas, I'm usually your man – until the bargain backfires.

I recently purchased an inexpensive swimsuit, and it turns out that was one bargain I should have avoided. The cheap elastic waist band snapped as I was coming out of a public pool and resulted in an embarrassing situation. Yes, saving money can be fun and there is no better feeling than a good deal, but a good deal gained at the expense of quality, could wind up costing more than the initial savings.

Lower cost, lower service

Recently, a group of shippers called for greater transparency in air cargo industry performance to improve service quality. It seems that they received low rates but poor service from multiple forwarders that were cutting costs, which resulted in several problems, such as freight shipments that weren't being delivered.

Those of us who are students of economics know that selling a product or service with little or no profit margin is rarely sustainable without large volume and strict expense control. In most cases, the only workable strategy is to demand lower shipping costs from carriers and cargo handlers so that the forwarder can preserve a small profit. It is truly a race to the bottom as each party sacrifices service quality to maintain the customer at the agreed-upon cheap price.

Some shippers are now realizing that saving a nickel might work when buying a gallon of gasoline, but may not be a smart strategy when it comes to company deliveries. Shopping for the lowest price rapidly becomes self-defeating because the forwarder usually fails to cover costs required to deliver invaluable service. Service quality ultimately suffers and shippers get what they pay for: poor service at a cheap rate.

Shippers know that, when considering freight transportation options, air cargo has never been the least expensive alternative, especially against the less expensive ocean and

surface modes. Flying air cargo is expensive, and substantial cost saving efforts usually result in a reduction in service. Forwarders and their airline partners need to work together in finding a balance between price and quality that preserves value while addressing the current overcapacity situation.

Finding the right tool

The first step in achieving this balance for forwarders is to come to the realization that air cargo is not a commodity but a crucial tool in the toolbox. Not all shippers have the same needs, so it is important that forwarders understand delivery requirements at the beginning of the discussion with shippers to avoid future disappointment. Forwarders are in the business of dealing with solutions and not transit schedules, so air cargo may be part but not the only way to get the job done.

Surface transportation options compete for air traffic, and while impossible to match ocean and truck costs, airlines must continue to offer pricing options that narrow the gap as much as possible. While air cargo is usually the choice when time is of the essence, carriers must realize that the fast delivery is not always the same thing as delivering the most value. This means that both forwarders and airlines must collaborate in developing products focusing on solutions tailored to meet specific shipper challenges.

Cold chain collaboration

Recent pharmaceutical and cold-chain service offerings are perfect examples of forwarders working together with airlines in developing products that deliver value to shippers with specific needs. Forwarders have discovered that their customers need temperature control throughout the shipping process and airlines have been answering the call by revamping freight facilities and procedures to accommodate these deliveries in transit. This is a solution that de-emphasizes price while focusing on the air cargo value proposition of speed and careful handling.



Recent cool-chain developments focus entirely on the value proposition of Air transit and how it can serve a specific niche, an exemplar for the industry.

Airlines and forwarders need to also understand that when making a service commitment to a shipper, meeting the agreed-upon delivery time is essential. Shippers are communicating your promises to their own customers and place their business relationships in jeopardy if you fail to deliver as promised. They need to understand that while air cargo rates can fluctuate, using a trustworthy and experienced forwarder is more important than saving a nickel a pound because, as with cheap swimsuits, you get what you pay for.

...Air cargo is not a commodity but a crucial tool in the toolbox. Not all shippers have the same needs, so it is important that forwarders understand delivery requirements at the beginning of the discussion with shippers to avoid future disappointment.

Events

OCTOBER 4-6, 2015

ISTAT Europe – Prague, Czech Republic: The International Society of Transport Aircraft Trading currently represents more than 3,000 members worldwide who are involved in operating, manufacturing, maintaining, selling, purchasing, financing, leasing, appraising, insuring or other activities related to the commercial aviation sector. For more information, visit istat.org

OCTOBER 4-7, 2015

ACI-NA Annual Conference and Exhibition – Long Beach, U.S.: Held at the Long Beach Convention Center, this event includes a schedule full of innovative sessions, workshops and educational opportunities. There are three hotels to choose from. For more information, visit annual.aci-na.org

OCTOBER 6-9, 2015

inter airport Europe 2015 – Munich, Germany: This event will be held at the Munich Trade Fair Center. A third hall has been added for an expected 610 exhibitors from 42 countries. For more information, visit interairport.com/europe

OCTOBER 13-15, 2015

MRO Europe Conference and Exhibition – London, U.K.: Discover the crucial issues impacting the MRO industry today and network with airlines, maintenance providers, OEMs, suppliers, and key regional players. For more information, visit <http://bit.ly/1LQQt6Y>

OCTOBER 13-16, 2015

12th Annual Sino-International Freight Forwarders Conference – Qingdao, China: Open to all independent freight forwarders from around the globe and industry-related companies. Co-organized by the China International Freight Forwarders and WCA. For more information and registration, visit <http://bit.ly/1dQBT1g>

OCTOBER 26-28, 2015

Cargo Facts Symposium - Miami, U.S.: The Cargo Facts Symposium is where the air cargo aviation community gathers to network and shape the future of the industry. Presented by Air Cargo Management Group, *Air Cargo World's* sister company, the symposium promises the latest industry information and updates, the highest-quality presentations, and accessible and thought-provoking interactive discussions. For more information, visit <http://cargofactssymposium.com>

NOVEMBER 4-6, 2015

The Air Cargo Americas International Congress and Exhibition – Miami, U.S.: The Air Cargo Americas International Congress is one of the largest air cargo exhibitions in the Western Hemisphere. For more information, visit aircargoaamericas.com

NOVEMBER 5-6, 2015

IATA's First E-cargo Workshop – Changi Airport, Singapore: This workshop will bring IATA's e-cargo agenda closer to its Asian members and partners, with stakes in e-commerce and e-freight, and provide the latest developments in terms of regulations, standards, business processes and technology. For more information, visit iata.org/events/Pages/e-cargo-asia.aspx

NOVEMBER 17-18, 2015

Asian Logistics and Maritime Conference – Hong Kong: For the fifth year, this conference brings together logistics services providers, airfreight specialists and users, including manufacturers, traders and distributors, to explore business opportunities in the region. For more information, visit almc.hk

NOVEMBER 26, 2015

BIFA National Seminar – London, U.K.: The British International Freight Association (BIFA) will bring together its members and other appropriate stakeholders to discuss the impending changes in customs legislation emerging from the introduction of the Union Customs Code in May 2016. For more information, visit bifa.org/events/articles/2015/bifa-national-seminar-london

DECEMBER 13-15, 2015

Life Sciences and Pharmaceuticals Conference – London, U.K.: This will be of interest to those engaged in the supply and distribution of pharmaceutical products, including product wholesalers, airlines, air cargo suppliers, ground handlers and more. For more information, visit aircargonews.net/lifescienceandpharma-conference.html

MARCH 12-16, 2016

World Cargo Alliance Worldwide Conference – Abu Dhabi, UAE: This eighth annual event, to be held at the Abu Dhabi National Exhibition Center, is expected to attract 1,800 members of the air cargo community. For more information, visit wcaaworld.com/eng/con_event.asp

MARCH 15-17, 2016

World Cargo Symposium – Berlin, Germany: The World Cargo Symposium is the largest and most prestigious annual event of its kind. To be held at The Intercontinental Hotel. For more information, visit iata.org/events/wcs/Pages/index.aspx

APRIL 10-12, 2016

26th CNS Partnership Conference – Nashville, U.S.: Each year, IATA subsidiary Cargo Network Services Corp. brings together close to 600 air cargo professionals from the U.S. and around the world, including executives from airlines, freight forwarders and shippers. For more information, visit cns.net/events/Pages/cns-partnership-conference.aspx

Advertiser's Index

ACMG	41	Ark Systems	41	Platinum Cargo Logistics	39
ACMG Freighter Forecast	47	Boeing	2-3	Qatar Airways Cargo	11
AEMCA	41	Cargo Systems Inc.	40	Rickenbacker International Airport ...	13
Aeroflot Cargo	15	David Cohen, Esq.	41	Team Worldwide	39
Aeroporto de Paris	23	Delta Cargo	17	Ted Stevens Anchorage Int'l Airport ...	9
Air Animal	40	EVAS / VisionSafe	40	Turkish Cargo	7
Air Charter Services	48	Hactl	19	Volga-Dnepr Group	29
ALMC	25	Incheon Int'l Airport	5		
American Expediting	40	Maastricht Aachen Airport	21		



Doug Brittin, Secretary General, The International Air Cargo Association

Finding common ground on security practices

by Doug Brittin

Our cargo hubs, where routes connect and transfers are made, are at the heart of our supply chain. As we tackle the many challenges facing our industry – from the threat of modal shift to the changing security landscape, to the need to remain competitive and to

grow – the way we process cargo at these hubs will need to continually improve.

This must be done while we provide physical security for the products we manage and ensure the proper handling for increasing volumes of a wide range of temperature-sensitive products. Adding further to this challenge is the need to provide more accurate and timely information to our customers, which requires better sharing of data between carriers, regulated agents/forwarders and ground handlers. On top of this, we will see a continuing need to provide information to customs and civil aviation regulators.

It's a tall order, and it would be difficult enough if every shipment was handled by a single party, end-to-end. Of course, that's not reality, so the role of the cargo hub becomes even more critical. As we focus on gaining efficiencies in the physical transfer processes, information and service sharing and specialized services – all of which are essential – we can, without a doubt, achieve our objectives of improving service and meeting the demands we face.

But there is one wild card that can potentially trump all of these efforts, and that card is aviation security.

We can build all the operational and informational efficiencies imaginable, but if global regulators, both customs and civil aviation, cannot agree on common security processes, standardized screening equipment and protocols, or the risk-based analyses that will determine which shipments will need to be screened, all of our other efforts will be for naught.

We are currently facing this reality, with the still fully unaligned Pre-Loading Advance Cargo Information (PLACI) systems moving from pilots to regulatory measures. A great deal of work has been done within the joint International Civil Aviation Organization (ICAO) and World Customs Organization (WCO) working group, but the EU is now moving ahead with implementing and delegating acts to begin next year.

In addition, U.S. Customs and Border Protection is preparing its notification of public rulemaking (NPRM). This will require, among other things, submitting to the destination authority the “7+1” data elements for each individual shipment for risk analysis to determine whether to screen as a “high-risk” shipment.

The challenge with these programs is not so much one for import shipments. They will have been addressed already, prior to uplift at origin. With advance information provided

to customs officials, they may actually be cleared faster. The challenge is what to do with all of the shipments transiting the hub – especially those that are transferring between carriers or arriving by ground transport from elsewhere for uplift.

Regulators working on PLACI regimes have yet to resolve a common risk-analysis algorithm, so the country in which the hub operates may well have approved a shipment coming in, not deeming it high risk, but the downstream country authority may then apply different risk-analysis rules with a different result.

In addition, regulators have yet to determine what screening measures will apply if or when a shipment is identified as high risk. Will it be the protocols used by the country in which the hub operates? ICAO standards? Or will it be the rules required by the country making the second risk determination?

“If we fail to standardize, no matter how operationally slick the cargo hubs of the future may be, we are at risk of losing all efficiencies with shipments awaiting multiple security measures...”

What this means is that much of the security part of the equation really needs to be part of a virtual hub. Measures taken upstream from a transit hub (air-to-air, ground-to-air) need to be standardized, commonly implemented and fully inclusive of all participants in the supply chain, including shippers wherever possible. But we still have a wide variation in categorizing shippers themselves, and attaching subsequent security values to them.

Countries utilize categories such as known consignor, regulated shipper, known shipper, trusted shipper and certified shipper among others, and even these categories are not applied commonly.

As we move forward, shippers may be asked to be more active participants in the security of the supply chain, to help ensure smooth transit. Standardizing these categories will go a long way towards streamlining the risk evaluation of each shipment.

If we fail to standardize, no matter how operationally slick the cargo hubs of the future may be, we are at risk of losing all efficiencies with shipments awaiting multiple security measures at the instruction of destination downstream authorities, and also with operators opening ULDs to pull out specific shipments for additional security screening.

As we work to increase operational efficiencies at our hubs, our parallel efforts to increase regulatory efficiency remain just as important to our future growth and profitability.

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