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Quarterly

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The World's Best-Read Air Cargo Publication

Autumn 2023 | No. 903

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end-to-end ambitions

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requirements

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Celebrating the
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TURKISH CARGO
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Autumn 2023 No. 903

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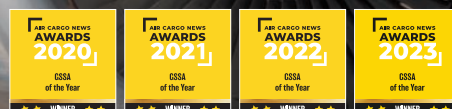


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GSSA OF THE YEAR



MEXICO SWITCH

Ethiopian Cargo has switched its Mexican freighter operation to the new Felipe Ángeles International Airport in Mexico City. The airline moved to the new airport from Mexico City International following a government decree.

FEDEX GROWS IN IRELAND

FedEx Express Europe is building a new 14,500 sq ft logistics facility close to Dublin Airport as it looks to cater for future growth and expedite operations. The facility is due to become operational in early 2025.

MSC's NEW FLIGHTS

MSC Air Cargo has conducted its inaugural flight from Milan Malpensa to Tokyo Narita. The weekly Boeing 777 freighter service will operate on a loop of Liege, Narita, Xiamen, Chicago O'Hare (ORD), Liege, Milan, Narita, Xiamen, ORD and Liege.

RHENUS "CARTAINER"

Rhenus Logistics has launched a reusable car transportation container for air cargo as an alternative to wooden crates. The "cartainer" will be based at Heathrow and can be used for round trips or multistop transportation.

PLUS POINTS

Air France KLM Martinair Cargo has added a new service level to sit between its express and general cargo options. The PLUS service will give priority when booking and preferential treatment during loading and unloading.

UPS offers redundancy deal as demand falls

UPS IS OFFERING severance packages to hundreds of pilots as it reacts to lower demand levels.

The express giant said that it regularly assesses operations and makes adjustments accordingly.

"As part of our effort to efficiently manage our airline, we are offering a voluntary separation benefit to eligible UPS pilots," a company spokesperson told *Air Cargo News*.

"Those who choose to accept the offer will receive a comprehensive compensation package that includes cash and health-care benefits.

"Our company has a well-planned strategy to keep up with changing market demands."

The Independent Pilots Association (IPA) confirmed reports from news station

WDRB that a total of 167 pilots had been offered severance packages – 157 senior captains and 10 senior first officers.

In total, the express firm employs about 3,400 pilots.

"The airline is overstaffed coming out of the pandemic shipping bubble," the IPA said.

"Each pilot who qualifies for the buyout will need to make the decision if the offer is good/right for them. This is a response/discussion that comes down to the individual IPA member."

The airline has been busy reducing its fleet of aircraft over the past 12 months.

At the end of June, UPS' fleet stood at 571, compared with 582 12 months earlier. Most of the reduction has come from its operating leases and charters,

which have reduced to 278 from 292 aircraft.

The airline has also been looking to offload its own older three-engine MD-11Fs, with two having left the fleet by the end of June, compared with last year.

A further three MD-11Fs have been retired since the end of June and another two are due to leave the fleet by the end of the year.

The company saw its domestic next-day air package volumes fall by 11.4% year on year in the second quarter, while international package volumes were down by 6.4%.

Overall revenues at the company fell by 10% in the second quarter of the year and the firm has reduced its revenue and profit targets for the full year.



UPS has offered 167 of its 3,400 pilots severance deals, according to the IPA

Photo: Markus Mäinkä / Shutterstock

Lufthansa grows European network

LUFTHANSA CARGO HAS expanded its A321F network in Europe with the introduction of Helsinki, and additional capacity from Copenhagen.

The carrier is now flying from Helsinki to Copenhagen once a week and it has also added a second weekly frequency from Copenhagen to Frankfurt.

To increase capacity, a further connection to Stockholm will

follow soon, the airline stated. The routings will allow late deliveries in Helsinki and Copenhagen and offer connections from Frankfurt the next morning to the Lufthansa Cargo network.

"[These new flights] reflect, geographically alone, what we want to offer our customers with our A321F: fast services, across borders and matching the needs

of the transported goods," said Ashwin Bhat, chief executive of Lufthansa Cargo.

The carrier has been offering customers scheduled and charter services with its A321Fs for a year.

Since the end of June, Lufthansa Cargo has been operating with three A321Fs. The fleet will grow to a total of four aircraft soon, the airline said.

Air Canada drops 777F in favour of Dreamliner



Photo: Air Canada

Two 777Fs were ordered in 2022, but Air Canada Cargo is redirecting the investment to passenger aircraft

AIR CANADA HAS cancelled an order for two newbuild Boeing 777 freighters that were due to enter service next year.

The carrier ordered the cargo aircraft in August last year, but has now decided to redirect spending on these freighters to passenger aircraft.

The decision was announced as the carrier placed a firm order for 18 787-10 Dreamliner aircraft, with deliveries due to begin in the fourth quarter of 2025.

"The Boeing 787-10 aircraft order announced today substitutes for a previously announced agreement to purchase two Boeing 777 freighter aircraft and, as a result, Air Canada will

no longer take delivery of the two freighters," explained the Montreal-headquartered airline.

Air Canada did not provide any additional insight into why it had cancelled the order for the freighters.

But, as with most of the rest of the industry, the tough operating market has taken its toll on the airline's cargo business.

Air Canada Cargo saw second-quarter 2023 operating revenues drop 24% year on year to C\$227m.

Michael Rousseau, president and chief executive of Air Canada, said: "Our cargo business, like others in the industry, experienced lower demand and yields than expected."

Air Canada revived its interest in freighters during the pandemic, after deciding to focus on passenger aircraft exclusively in the 1990s.

In total, the airline had planned to operate a fleet of 12 freighters – 10 Boeing 767Fs and two 777Fs.

Air Cargo News understands Air Canada is still focusing on converting its 767 passenger aircraft into freighters.

As of the end of the second quarter, the carrier had a fleet of six 767 freighters with another due to join by the end of the year and two more in 2024.

The delivery date for the final 767 was not included in the latest company update.

EDITOR'S COMMENT

Damian Brett



Could air cargo be on the road to recovery?

THE AIR CARGO market has clearly struggled this year but, as we head into the traditional peak season, some are hoping that a recovery could be on the way.

Clearly, the big single-digit percentage declines that data firms were reporting have eased, but whether this is the start of a full-blown recovery is still open to debate.

On the more optimistic side is Neil Wilson of rate data firm TAC Index. He believes that the industry is experiencing a "genuine peak season bounce" that could extend into next year.

He quotes airline sources that suggest major product launches are fuelling demand.

Adopting a more cautious approach is Niall van de Wouw of data provider Xeneta, who says forwarders, airlines and shippers see little hope of demand growth before next year's peak season.

For that growth to happen, there also needs to be stronger consumer confidence, he says.

The next few months will confirm whether the sector is on the road to recovery, but at least the situation isn't getting any worse.

Amazon Air to close regional hub

AMAZON AIR IS planning to close its airfreight facility at Leipzig/Halle Airport following a tough year for e-commerce demand worldwide.

A closure date has not been announced, but the firm has confirmed it will be this year.

However, Amazon Air operations are set to continue across

Europe, with ongoing use of Leipzig/Halle in its European logistics network.

"After careful consideration, we have decided to close our Amazon Air operation at Leipzig/Halle Airport and affected employees will be offered the opportunity to transfer to other facilities," the

company said. The e-commerce specialist launched operations at the airport – its first regional air hub in Europe – in November 2020.

The move comes as Amazon Air has been reducing its freighter fleet in both Europe and North America in response to the weaker demand.

Danzas taken over by DHL

DHL GLOBAL FORWARDING (DHL) has taken complete control of freight forwarder Danzas AEI Emirates.

Before the full takeover, DHL had owned 40% of the UAE-based forwarder, with the remaining 60% owned by Investment Trading Group, part of the Al Tayer Group.

DHL said that the full integration of Danzas will help accelerate growth in the UAE, Gulf Cooperation Council (GCC) and Middle East region.

Tim Scharwath, chief executive of DHL Global Forwarding, Freight, said: "Our close and trusted partnership with the Investment Trading Group over many years has taken Danzas to new heights and strengths."

"As DHL continues on its expansion trajectory across the region, a merger of both organisations will create a winning proposition for customers in the region, driving efficiency and sustainability."

Matar Humaid Al Tayer, vice chairman and board member of Al Tayer Group, added: "Dubai has developed into an important logistics hub in recent years."

"As Dubai and the GCC continue to develop economically, we believe that fully integrating Danzas into the DHL network will unleash the potential necessary to become a truly leading logistics provider in the region."

Danzas will operate under the DHL brand in future, with employees transferred over to the German postal and logistics company.

According to Al Tayer, the company offers air, ocean and road transport, customs brokerage services and warehousing.

Customers are a mix of local businesses and worldwide multinational organisations across multiple sectors.

DB Schenker to be sold as complete unit

DEUTSCHE BAHN WILL sell its logistics business, DB Schenker, as a complete entity rather than splitting it up into smaller units.

The Deutsche Bahn supervisory board has been told by a panel examining the sale that, after considering various scenarios, a complete sale was the most sensible option.

The board will now seek to obtain concrete offers for the company, but there is no specific timetable for the sale and it is not expected to be a short-term project.

The proceeds from the sale will be kept within the state-owned Deutsche Bahn group.

German Federal Transport Minister Volker Wissing made a similar statement to the Hamburg business journalists' club in September, when he ruled out a partial sale.

It has now been 10 months since Deutsche Bahn announced it would assemble a team to examine the potential sale of up to 100% of DB Schenker, the world's fourth-largest airfreight forwarder.



DB Schenker, the world's fourth-largest airfreight forwarder, is being sold

The company reasoned that selling its forwarding business would allow it to sharpen its focus on its Strong Rail Strategy and core rail business.

It added that, while DB Schenker has achieved record results in recent times, in the medium term the company will require larger financial resources and greater independence to make international acquisitions, with a view to retaining and enhancing its market position.

"For this reason, a sale could open up new opportunities for DB Schenker in terms of growth and development," Deutsche Bahn said.

"The company's position as a global market leader makes it attractive for buyers and investors," it added.

There has been speculation for a number of years that Deutsche Bahn could sell its freight-forwarding subsidiary.

Deutsche Post-owned DHL Global Forwarding is one company that could be interested in buying DB Schenker.

Danish forwarder DSV has also previously expressed interest in the sale.

During the first six months of this year, DB Schenker generated a "significant" operating profit of €626m despite declines in ocean and airfreight rates.

FedEx commits to Istanbul expansion

FEDEX EXPRESS HAS signed an agreement to build a package facility at Istanbul Airport, which will be completed in November next year.

The US firm, which currently

utilises a shared location, will more than double its presence at the airport to an area of more than 25,300 sq m.

The new facility will also enable FedEx to offer greater

reliability by having full control of its operations.

The site will have three parking areas for FedEx aircraft, space for 32 vans and seven docks for trucks. The latest sorting technology will be used, with the capacity to process 3,000 pieces per hour.

The facility is designed with separate parcel and freight processing for companies wanting to bundle both types of shipping into a single network.

Processing packages and merchandise separately also creates operational efficiencies, FedEx explained.



FedEx will more than double its footprint at Istanbul Airport

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Geodis cuts network as market weakens

FREIGHT FORWARDER GEODIS is reducing the size of its air cargo network in light of the recent market downturn.

The firm was one of many forwarding companies that decided to partner with an airline to set up its own air cargo operation during the Covid pandemic to provide customers with capacity in response to the shortfall in passenger flights.

While many of these partnerships were based on charter flights, Geodis in August 2021 went one step further and leased an A330-300 converted freighter operated by Titan Airways.

Since the end of the pandemic, passenger services and bellyhold capacity have quickly recovered while cargo demand has fallen back because of inflation.

In response, Geodis is no longer flying between Asia, Europe and the US, although other flights continue.

“Our own operated aircraft enabled us to set up weekly rotations between the European, Asian and American continents,” said a Geodis spokesperson.

“The more recent decline in demand and the return of passenger flights led us to review this strategy. While our bi-weekly services between Hong Kong, Shanghai and Mexico remain in place, we have suspended flights between Asia, Europe and the US.

“The aircraft previously used on these services is now dedicated to charter flights and mid-term lease operations.”

The leased aircraft was initially flown between Amsterdam, London, Chicago and Hong Kong, while China-Europe flights were added at a later date.

The company also established a charter network. In 2020, following the outbreak of Covid, the company chartered flights covering Asia, Europe, North America and South America.



Flexport cuts jobs as it pursues path to profit

FREIGHT FORWARDER FLEXPORT has been through a tumultuous time over the past couple of months – first with the high-profile departure of its chief executive and then the news broke that it intended to cut about 20% of jobs.

In September, it was announced that ex-Amazon logistics leader Dave Clark would leave the role of chief executive to be replaced by the firm's founder and former boss, Ryan Petersen.

Clark said his departure came as the company looked to focus on its core freight business.

The next day, Petersen withdrew job offers for more than 75 people that he said were given jobs during a “hiring freeze”.

In a post on social media platform X, Petersen said important changes were needed to sustain growth and return to profitability.

“Flexport sits at a crossroads where the choice is either spend our way out of the current downturn in global logistics or pursue a path that gets us back to profitability quickly,” he said.

“The board and I agree that operational excellence and profitability in the short term is the right path.”

Since then, many more senior Flexport leaders left the company. And in October the company announced that it would lay off about 20% of its staff as part of its plans to cut costs.

Petersen said that the redundancies were taking place in order to return the company to profitability, with an expectation that this could happen before the end of 2024.

Following the announcement, Flexport's head of Europe, Doug Brown, said that about 14 people would be affected in the European operation.

“Flexport has seen continued double-digit growth in Europe and we will continue to build upon our strong momentum to drive growth in the region,” Brown said.

This was the second round of job cuts at the company this year – in January it announced about 20% of its staff would go.

Better mood drives long-term thinking

THE AIR CARGO market continued to find its way out of the doldrums in September, resulting in an increase in longer term deals. The latest figures from data provider Xeneta show that in September volumes increased by 6% compared with August.

Xeneta chief airfreight officer Niall van de Wouw said the increase was seasonal and it did

not mean the industry could expect a strong peak season.

However, it had resulted in shippers looking for longer term deals, he said.

Xeneta figures show that the number of shippers committing to airfreight contracts of more than six months in the third quarter rose to 34% from 28% in the previous three-month period.

Van de Wouw said: “We see more longer term contracts being signed and this only happens when people feel more comfortable about the now and the foreseeable future.

“It is easier to make a commitment now than when the market is on a sharp downward or upward trajectory. There is a firmer floor in place.”

LINKING THE CARGO WORLD



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Nippon Cargo Airlines takeover delayed

THE TRANSFER OF freighter operator Nippon Cargo Airlines (NCA) from logistics group NYK to All Nippon Airways (ANA) has been delayed until next year.

In an investor note, Japanese shipping group NYK said that the transfer of shares to the Japanese airline had been moved back from October 1 to February 1 next year.

Explaining the move, NYK said the delay was a result of the time it would take for competition authorities to examine the deal.

"The execution of the share exchange is subject to the completion of examinations by the competition authorities in each country and region," NYK said.

"Considering the current situation and the time required for further procedures, the execution date of the share exchange has been changed."

"There is no change in the policies of NYK, NCA, and ANA Holdings to execute the share exchange."

When it confirmed the deal in July, NYK said that Narita Airport-headquartered NCA would be better positioned to grow further within the airline group, which would also be in a better position to support NCA with emissions reduction requirements.

"The continual introduction of new aircraft to expand the operation and maintenance system, as well as the continual training of personnel engaged in operation and maintenance, required considerable expenditures," NYK said.

"In the highly volatile business environment of airfreight transportation, NCA has been facing challenges in expanding its business scale at a level that is commensurate with such costs."



Airline is negotiating agreements with creditors to reduce its level of debt

Photo: Charetz / Shutterstock

Air Belgium calls time on passenger services

AIR BELGIUM HAS decided to discontinue its passenger business and focus exclusively on "cargo and ACMI for passenger and cargo flights" as a result of economic challenges that it said have resulted in the airline acquiring debt.

The airline said that its passenger business "in the face of increased competition is proving to be chronically unprofitable to date".

It noted that a number of economic and geo-political events had "weakened the company" in recent years, including the Covid pandemic, the war in Ukraine, high fuel prices, inflation and reduced consumer spending.

The airline explained that these factors had caused financial challenges which, combined

with current market challenges, were "forcing Air Belgium to change its strategy".

The airline stated: "The activities of cargo and ACMI (aircraft, crew, maintenance and insurance, or wet lease) – i.e. the leasing of aircraft between airlines for passenger and cargo flights – constitute two profitable lines of business with growth prospects."

It added that it would discontinue the passenger business because "despite the many investments by Air Belgium in recent years and the strengthening of commercial initiatives, the passenger business is still unprofitable".

"After numerous studies, Air Belgium's board of directors reached the conclusion that turning a profit on this front would require substantial

investments in addition to those already made in recent years, which has not been possible," the airline added.

Air Belgium's board of directors filed for judicial reorganisation by way of an amicable agreement in September, with a view to negotiating agreements with its creditors to reduce its debt.

Passenger flights scheduled after October 3 were cancelled by the airline.

Air Belgium's operational base is located at Brussels South Charleroi Airport and it entered the all-cargo market in 2021.

It began operating four Airbus A330-200 freighter aircraft on behalf of CMA CGM in March 2021. The airline subsequently started operating Boeing 747-8 freighters.

Alibaba plans Hong Kong IPO for Cainiao

E-COMMERCE GIANT ALIBABA is to list its logistics business, Cainiao, on the Hong Kong Stock Exchange.

Although an initial public offering (IPO) has been filed for Cainiao, the financial terms and size of the offering have not been disclosed.

Currently, Alibaba owns a 69.5% stake in Cainiao and the

plans will see it continue to hold 50% of its logistics arm, which will also remain a subsidiary of the company.

Other shareholders include strategic investors in the logistics industry and global institutional investors.

The company will need to secure approval from the China Securities Regulatory

Commission before the IPO can go ahead.

The move to list Cainiao is part of efforts to restructure Alibaba that will split its business into six units, each to be managed by its own chief executive and board of directors.

This would allow the units to raise funds through share offerings, the company said.

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Silk Way West's first 777F arrives

SILK WAY WEST Airlines has taken delivery of its first Boeing 777 freighter as part of its plan to modernise its fleet and increase its capacity.

The aircraft is the first of an order for five production 777Fs placed by the cargo airline in April 2021. The following four freighters are due to be delivered gradually until 2027.

Until now, the airline has operated with Boeing 747F aircraft. At present, it operates five 747-8Fs and seven 747-400Fs.

"Delivery of this aircraft marks a defining moment in our strategic plan to make Silk Way West Airlines greener, more fuel efficient, and better positioned for growth from conception to reality," said Fadi Nahas, vice president of Silk Way West Airlines, Americas.

"This expansion of the fleet will open up opportunities for Silk Way West Airlines to boost the volume of flights and extend our reach to additional strategic destinations, reflecting the growing importance of our home base of Baku as a regional and global transportation hub."

The 777F offers a capacity of around 100 tonnes and a range of 9,200 km. Boeing said 319 777Fs have been ordered since the model was introduced in 2005.

Silk Way West has also made several other freighter investments, delving into yet-to-be-built products from both Airbus and Boeing.

In June 2022 the airline signed a purchase agreement with Airbus for two newbuild A350Fs.

And in December 2022 the carrier finalised an order with Boeing for two 777-8Fs, with options for two additional aircraft of the same type.

Beluga Transport plans global expansion

BELUGA IS HOPING to be awarded its own Aircraft Operator Certificate (AOC) later this year.

At the Air Cargo Conference in Frankfurt, Airbus Beluga Transport managing director Benoit Lemonnier explained how the company planned to grow its commercial business.

The first step will be achieving its own AOC and then it plans to add more loading platforms.

At present, the company has loading platforms set up in six locations; three in Asia and North America and three in Marseille and Toulouse.

By 2026, the new carrier wants to position up to 20 of these container-deployable units around the globe.

In the coming year, three mobile units will also be put into service that can be carried on the aircraft.

The onboard cargo loaders can be used for freight up to 12 m long and 23 tonnes in weight.

Beluga Transport is being set up as a fully dedicated Airbus subsidiary to operate and market five BelugaST freighters, which until 2021 were used to carry aircraft parts for Airbus.

A BelugaST has a maximum payload of 40 tonnes, but its



unique selling point is the largest cross-section of any aircraft, with a cargo bay measuring 7.1 m high, 6.7 m wide and 39 m long – opening up new possibilities for shippers wanting to move large items by air.

The aircraft are available to the military sector, for example for the transport of helicopters, but other industries could also use them, said Lemonnier – such as the aviation sector, the oil and gas industry, the mechanical engineering trade and the automotive industry.

Lemonnier added that the launch of Beluga Transport comes against the background of the Russian war against Ukraine, which has seen the Antonov freighters operated by the Russian Volga-Dnepr Group withdrawn from the market due to sanctions.

"The capacity for transporting oversized freight is limited accordingly," said Lemonnier.

Airbus has been replacing its BelugaST aircraft with six new BelugaXLs based on the larger A330-200 platform.

Initial 777-200LR close to completion

US MODIFICATION SPECIALIST Mammoth Freighters is progressing with its prototype Boeing 777-200LR conversion for Cargojet Airways.

The company has shown the aircraft undergoing mid-panel removal in the left aft side, where the main freight door will be installed.

This airframe (N705DN), powered by General Electric GE90 engines, was originally

delivered to Delta Air Lines back in 2009.

Mammoth unveiled its 777-200LR and -300ER conversion programmes in 2021, and disclosed Cargojet as the launch customer for the -200LR modification in November of the same year. The converted aircraft is designated the 777-200LRMF.

Cargojet placed an initial order for two aircraft with options for two more, as well as a

pair of -300ERMFs. The first delivery is expected in the first quarter of 2024.

Mammoth stated that N705DN would be the conformity aircraft for certification and the first delivered to the carrier.

Mammoth also has 777-200LRMF conversion agreements with DHL Express, while AviaAM Leasing has signed as a launch customer for the 777-300ERMF.

767s offer Challenge Group more versatility

CHALLENGE GROUP HAS taken delivery of the first of four Boeing 767-300BDSF converted freighters to increase the capacity and diversity of its fleet.

Challenge expects the freighter to help it be more competitive and versatile in meeting specific customer needs, allowing for greater flexibility when less capacity is required.

This increased adaptability is also expected to pave the way for exploring new markets, including short- and medium-haul routes within Europe, the Indian sub-continent and the Middle East.

The company said that the aircraft's volumetric ratio makes it ideal for transporting e-commerce and pharma, where volumetric capacity is critical.

In October last year, Challenge Group became the first customer for the 767-200 and 300 conversion programme launched by Israel Aerospace Industries (IAI) in co-operation with MRO Avia Prime Group, taking place in the premises of Avia's Belgrade-based subsidiary, JAT Tehnika.

A further two aircraft are currently undergoing simultaneous conversion for Challenge, and all four are expected to be fully operational by the first quarter of 2024.

Challenge Group chief commercial officer Or Zak stated: "The 767's introduction will revolutionise our ability to serve our customers better.

"With additional capacity and enhanced flexibility, we can offer improved frequency to our

current destinations and venture into new markets, enriching our global presence significantly."

Challenge noted that the investment in 767 freighters is in addition to, and not replacing, its existing fleet of four Boeing 747-400 freighter aircraft.

Yossi Shoukroun, chief executive of Challenge Group, added: "This aircraft's enhanced efficiency and sustainability align perfectly with our mission to tackle the challenges posed by certain airport restrictions worldwide, including the four-engine ban and noise level regulations that have been on the rise."

The Group is also investing in up to six two-engine Boeing 777-300 conversions with IAI, with conversions planned to start in 2025-26.

Hawaiian P2F takes off for Amazon

AMAZON AIR HAS undertaken the "first in-service flight" with the first of 10 A330-300P2F (passenger to freighter) aircraft that it has leased for operation by Hawaiian Airlines.

"The Amazon Air Hub teams have been training on the new aircraft, and October 2 marked the first in-service flight for this exciting new addition," said Amazon.

The company added: "These A330s aren't just the first of their kind in our fleet. They'll also be the newest, largest aircraft for Amazon Air, allowing us to transport more customer packages with each flight."

Lessor Altavair is providing the freighters, which are being converted by the Germany-headquartered Elbe Flugzeugwerke (EFW), a joint venture between Singapore-based ST Engineering and France-headquartered Airbus.

Amazon first announced its deal with Altavair and Hawaiian in October last year. In July, Hawaiian Airlines confirmed it had received the first of the freighters, which it said it was due to start operating in October.

The agreement with Hawaiian will last for eight years, with options to extend for a further two and three years.

Despite this significant fleet expansion, earlier this year it was announced that Amazon was expected to scale back its US freighter operations with lessor Air Transport Services Group (ATSG).

The company also recently confirmed it would close its airfreight facility at Leipzig/Halle Airport in Germany, its first-ever regional air hub in Europe, by the end of this year.

And this summer, Amazon also confirmed it was reducing the number of flights it carries out in Europe.



Photo: Challenge Group

All four of Challenge Group's converted 767-300BDSFs are expected to be fully operational by the first quarter of 2024

Atran returns to AN-12 freighters

RUSSIAN AIR CARGO operator Atran has reintroduced Antonov AN-12 freighter services. This development is in response to uncertainty over its Boeing 737 fleet following the start of the Ukraine-Russia war and subsequent global sanctions.

Part of the Volga-Dnepr Group, which operates Antonov AN-124s and Ilyushin Il-76s, Atran said an AN-12BP carrying

its livery conducted a September 12 flight from Moscow Zhukovsky to Norilsk, loaded with 12 tonnes of consumer goods.

Atran general director Dmitry Sorokin said the airline stopped using the four-engined AN-12s in 2014.

While Atran has a fleet of 737 freighters, Sorokin said the carrier has turned back to the

AN-12 "pending the outcome of negotiations with lessors" regarding the 737s.

Sorokin said: "We plan to provide the northern remote regions with vital cargo and products and build a route network depending on seasonal demand."

He says the AN-12 network will feature such cities as Naryan-Mar, Khatanga, Novy Urengoy and Anadyr.

Battle of the narrowbody conversions



Photo: Boeing

The Boeing 737-800 has dominated the P2F conversion market for the past four years, but could its position be challenged by growing interest in the Airbus A321? Roger Hailey reports

Can a freighter conversion be too popular and risk oversupply? It seems it can.

That was the assessment of the current market demand for the Boeing 737-800P2F (passenger to freighter) from IBA, the aviation market intelligence and consultancy company.

In an IBA webinar on the freighter conversion market, the group's manager of classic and cargo aircraft, Jonathan McDonald, said that the 737-800 has clearly dominated the narrowbody P2F market since 2019.

"We anticipate probably a record year [2023] for 737-800 conversions, which could even touch or slightly exceed 60 aircraft," he said.

"I don't think you want to be going above 60 aircraft on the 737-800 because you run a very high risk of potential oversupply."

McDonald added that at the time of the webinar there were nine feedstock 737-800 passenger jets available for sale as conversions, which might suggest

that the aircraft "are not being placed quite as quickly as they once were".

IBA data showed that the 737-800 has been converted at a faster rate than any other P2F programme, with around 200 conversions completed in just over five years.

US-based Aeronautical Engineers, Inc (AEI) is one of the

main conversion houses for the 737-800, along with IAI of Israel and Boeing itself.

Asked about IBA's oversupply warning on the 737-800, AEI's senior vice president - sales and marketing, Robert Convey, says: "I do agree that we are in what will hopefully be a short-term oversupply situation in the narrowbody conversion market.

"The direct cause of the slowdown is reduced demand for ACMI lift from the integrators, combined with delayed retirements of the in-service classic fleets."

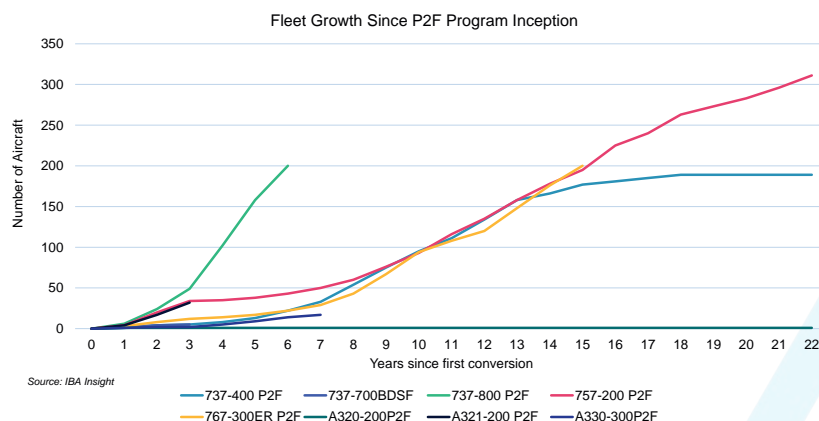
Further asked about future trends, Convey continues: "Hard to say with any degree of accuracy, but my guess is that we will see a return of ACMI in late spring 2024."

He adds: "Given the large number of classic freighters currently in service I believe we will be seeing retirements for several years to come.

"I remain very optimistic about the future of the 737-800 and am

Boeing 737-800 has been converted at a faster rate than any other P2F program

iba





The Boeing 737-800 (above) and the Airbus A321 (below) lead the P2F conversion market

convinced that there will be more converted over time than any other aircraft in history.”

In August, after the IBA webinar had taken place, AEI completed its 600th freighter conversion (all types) with a 737-800 owned by GA Telesis.

In July, AEI added Grand China Aviation Maintenance as the sixth authorised AEI Conversion Centre.

As part of this arrangement, Hainan Airlines will convert at least three AEI 737-800SFs at the new facility.

Looking ahead

Despite some short-term market turbulence in the narrowbody P2F sector, IBA believes that the conversion market is “gearing up around the 737-800 and the Airbus A321”.

McDonald thinks there will be 20 A321 conversions this year, below that of the 737-800, although a fourth production line is opening up in China for the Airbus.

Elbe Flugzeugwerke (EFW), the joint venture between ST Engineering and Airbus, signed an agreement in June with Tianjin Haite Aircraft Engineering Co on the co-operation framework for the A321 P2F.

McDonald does not think that there will be as many A321

conversions in pure numbers, as the 737-800 has “sewn up the market” in that sector, but there remains a “large opportunity for the Airbus competitor”.

“One has to remember that there is still a decent large tranche of A321s out there and that the A321neo [passenger aircraft] is doing beautifully for Airbus and everyone wants it,” he said.

“At some point they [passenger airlines] will have to replace their A321neos with neos and there are going to be a lot of nice [feedstock] candidates out there.”

However, McDonald made the point that carriers cannot assume that every available A321 passenger aircraft is suitable for conversion.

“There are certain technical specifications and criteria to make the candidate aircraft suitable for P2F, but there are a lot of passenger aircraft out there and so there is the opportunity to promote a lot more A321s.”

An indication of that opportunity was seen in October last year, when aircraft leasing

giant AerCap Holdings – the world’s largest owner of the A320 family – placed firm orders with EFW for 15 A321P2F conversions and an option for a further 15.

Logical transitions

So why is there such little appetite for A320 conversions compared with the A321?

Mike Yeomans, director of valuations and consulting at IBA, believes that it comes down to a chain of events.

“If you look at history, the Boeing 737-300 and 737-400 had successful programmes. Operators transitioned from -300s into -400s or operated both side-by-side and then transitioned into -800s as the logical choice.”

A successful operation with earlier models of an aircraft, in this case the 737, is going to make the transition to the -800 a lot easier because it has a more modern cockpit and other technical factors.

“But at the end of the day it is the same tube and dimension aircraft. Although the 737-800 is

longer than a -400, it is the same cross-section fuselage so it is not going to be a huge transition to the -800.”

Using the 737 as an example for the freighter conversion criteria between the A320 and the A321, Yeomans outlined the potential reasoning behind investors’ decision-making.

“I think investors are deciding to go straight into A321s because, for not a lot more outlay for a very similar operating cost, you get substantially more volume and pallet positions in an A321.”

In what could be described as a scramble to replace the well-proven but ageing Boeing 757 freighter, the A321 could be perceived as a more suitable replacement or supplement for existing cargo fleets than the A320, which is slightly smaller.

And while the 737-800’s conversion surge and timing has caused Yeomans to liken it to “being the first to grab the best slice of pizza,” then the popular A320 and A321 may have “missed the boat a little bit”.



Pharmaceuticals manufacturers rely on high-quality handling processes at key airports such as San Juan

Bioscience specialist

Puerto Rico's San Juan airport is already a big pharmaceuticals hub, with some 90% of the total air cargo volumes passing through the Caribbean island being bioscience products.

However, the island's bioscience industry and airfreight providers want to see further growth – hence the official launch in May this year of the Puerto Rico Life Sciences Air Cargo Community, with more than 30 companies signed up.

The top global producers of pharma goods and medical devices are already well established on the island, which – while some 1,700 km from Florida – still enjoys significant tax breaks and customs clearance privileges granted by the US government in Washington.

Puerto Rico has a US Department of Transportation designation as an international air transshipment hub, a waiver that allows for quick and simple transshipment at the island's three international airports.

Puerto Rico's local bioscience production base generates \$53bn per year and some 8% of pharma goods purchased by US citizens come from the island.

The ambition is to drive quality at the number one bioscience manufacturing hub to the US by export volume.

The Puerto Rico Life Sciences Air Cargo Community is a new initiative that is designed to capitalise on San Juan airport's reputation as a pharmaceuticals distribution hub. **Roger Hailey** investigates

The community project will have input from airlines, airports, ground handlers, hauliers, forwarders, and integrators.

Former Schiphol cargo boss Jonas van Stekelenburg was acting as an adviser to the Puerto Rico Department of Economic Development and Commerce (DEDC) and Aerostar, which runs San Juan airport (also known as Luis Muñoz Marín International) before he recently took up a role at Maastricht Airport.

Aerostar is aiming to improve the overall quality of airfreight-related operations on the island. The agenda is clear. Some nine companies are now working towards IATA's CEIV Pharma certification as part of their efforts to develop the community towards improving airfreight logistics quality, better data and information.


Van Stekelenburg says that pharma companies witnessed first-hand the effect that the Covid pandemic had on their global supply chains – as bellyhold capacity disappeared, virtually overnight, when thousands of passenger aircraft were grounded worldwide.

"It was very clear to everyone in the pharma sector that they were dependent on logistics, including air logistics.

"The pharmaceuticals and life sciences world has a very high quality and very well-managed manufacturing operation because they are dealing with life and death medicines.

"And what they saw during Covid is that the logistics side worldwide is not as sophisticated as their own production plants are, so that was a worry."





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Photo: Refina / Shutterstock

Puerto Rico supplies 8% of the pharma goods bought by US citizens – a lot of it passes through San Juan

→ Pharma companies have a highly trained workforce, Van Stekelenburg says, and they want to see that educational process applied equally across their logistics supply chains, both in airfreight and seafreight.

But the ambition goes beyond having pharma-accredited certificates hanging on the wall.

Van Stekelenburg adds: “The pharmaceutical companies want to see quality across the entire supply chain for their products, and they believe that such high standards are not always present in airfreight.

“The pharma giants have built the best production facilities around the world, and they want that same standard from all the airfreight providers handling their goods.”

Kurt Schosinsky, chief executive of Viems Consulting and an adviser to Aerostar, makes the point that IATA’s pharma CEIV certification is already established and recognised worldwide as a proven tool for driving up standards – hence the current emphasis on gaining the cachet in Puerto Rico.

In addition to CEIV Pharma, there are also the European Union’s Good Distribution Practice (GDP) and ISO benchmarks for handling pharmaceuticals, although CEIV is perhaps the most recognised benchmark by the global life sciences sector.

Upskilling the pharma logistics workforce globally – and not just in Puerto Rico – is only part of the solution, with another challenge being the need to attract more freighter aircraft operations to Puerto Rico’s two main airports, San Juan and Rafael Hernandez Airport, located 130 km away in the municipality of Aguadilla on the west coast of the island.

While exported pharma exports are a primary driver of air cargo volumes, the ambition is to increase the inbound traffic flows in passenger aircraft bellyholds and increased maindeck freighter capacity.

Attracting those freighters is within the remit of Schosinsky, who is also a former general director of Avianca Cargo.

“Working on the air cargo capacity at the airport is the big part of this initiative,” he says.

There is already a regular Amerijet freighter from San Juan to Brussels, an Emirates freighter from Aguadilla to Schiphol, and a Cargolux flight from San Juan to Luxembourg via Atlanta.

Schosinsky’s previous experience includes working with DHL in Panama, where he saw the development of ocean freight in providing

raw materials for pharma production. He expects this to be reflected in Puerto Rico.

Communication is a key factor in establishing the new Puerto Rico airfreight community for pharma excellence, a lesson that Van Stekelenburg learned at Schiphol in the early days of building its pharma community.

One of the problems at Schiphol was that manufacturers did not feel that their pharmaceutical shipments were receiving priority handling. The airfreight community countered that shippers were declaring the pharma goods as general airfreight in order to pay a lower airfreight rate.

Van Stekelenburg describes this as a “chicken and egg” problem, but the issue was resolved after the two parties met for detailed discussions and agreed that if the pharma producers paid more for their shipments, then their airfreight would be prioritised and handled with the correct temperature regimes, among other supply chain enhancements.

“You have to communicate about the problems and that is how we built the trust at Schiphol between the manufacturers, the airlines and the handlers,” he says.

However, that is not to ignore the fact that some pharma shippers will still send products with a wider temperature tolerance as general airfreight.

How is Puerto Rico going to benchmark the success of the new Puerto Rico Life Sciences Air Cargo Community in handling pharma goods?

The DEDC, among its plans, will be gathering data to support the message to the logistics industry that Puerto Rico is a hidden gem in the sector, and plans to present the first data set this summer.



Photo: Mark Kuipers

Van Stekelenburg: “Communication builds trust”

A close-up of a giraffe's head and neck, positioned diagonally across the frame. The giraffe has a light tan coat with large, irregular brown patches. Its long neck extends towards the top right, and its head is turned towards the bottom left. The background is a solid, vibrant teal color.

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Maersk's master of the skies

The logistics firm has already established a successful operation in air cargo. New recruit Michel Pozas Lucic has the task of taking the business to the next level. **Rebecca Jeffrey** reports

A.P. Moller - Maersk is a standout example among the shipping sector companies that made tracks in the air cargo arena during the Covid boom of high rates, high demand, and low capacity.

But unlike other companies that made similar investments, the integrated logistics firm has a history of air cargo that dates back more than 50 years – making it both a veteran and a pioneer with its airfreight business, Maersk Air Freight, and in-house airline, Maersk Air Cargo that launched last year.

“Airfreight is not new to Maersk,” stresses Michel Pozas Lucic, global head of air at A.P. Moller - Maersk.

In fact, Maersk Air was launched by the Maersk Group in 1969 with scheduled and chartered passenger and cargo services.

The group then established Star Air as an in-house cargo aircraft operator subsidiary of Maersk Air in 1987.

Maersk Air was sold in 2005, but Star Air was retained by the Maersk Group.

Then, in April last year, Maersk Air Cargo was launched as a new airline company after Star Air transferred its air cargo activities into the venture.

“We know how to be an airline. We have our own pilots, and we have been doing it for 36 years,” Pozas Lucic says.

Maersk also has a long history of airfreight forwarding through the former independent supply chain management specialist and freight forwarder Damco, which it acquired in 2005 and integrated into its own logistics business in 2020. Today, this is operated as part of Maersk Air Freight.

The company's airfreight business hasn't just

undergone a name change, though. It is pursuing airfreight growth globally, with the goal of being an end-to-end logistics provider.

And Maersk has clear reasoning as to why it is ramping up airfreight to succeed in logistics.

“Our strategy is to become the leader in end-to-end logistics. To become a one-stop-shop for our customers we need to have airfreight in our portfolio, because all our top customers also have airfreight needs – even if, for some of them, it's not their focus modality,” Pozas Lucic explains.

Freighter investments

Maersk Air Freight, which encompasses all the company's airfreight activities, including forwarding, transports a wide range of verticals – such as e-commerce, dangerous goods and lifestyle. It offers capacity via commercial airline partners, own-controlled freighter capacity and dedicated charter services, and – in combination with its shipping arm – a sea-air service.

As part of Maersk Air Freight's efforts to fulfil its growth ambition, the business has been investing in an own-controlled network and expanding routes.

Maersk Air Cargo has 24 freighters in its fleet. Of these, 15 are flying for UPS in Europe. The other nine are used on multiple global routes, both as bespoke services and own-controlled flights.

Included in the fleet are three owned, newbuild Boeing 767-300 freighters that were purchased by Maersk last year and are being operated by Miami-headquartered cargo airline Amerijet between the US and the Republic of Korea (South Korea) and China.

In addition, there are three leased

767-300P2F (passenger to freighter) aircraft. Two of them have been operating between Europe and China since March this year, while the third is due to be delivered in the last quarter of the year.

Maersk Air Freight is also due to receive two newbuild Boeing 777Fs next year, to be operated by the in-house airline.

“Maersk Air Freight is not starting route development from scratch,” Pozas Lucic points out. “We already had an existing network over the Atlantic between Europe and the US.”

At the end of October last year, Maersk Air Cargo launched intercontinental operations for the first time, with twice-weekly flights between Greenville-Spartanburg, South Carolina, Shenyang Taoxian, China and Incheon, South Korea. The flights are operated by Amerijet using the first of its three Maersk Air Cargo-purchased 767-300Fs. There are now three weekly rotations on the route.

In April this year, Maersk also began twice-weekly 767-300F Amerijet flights between Chicago Rockford and Hangzhou Xiaoshan in China. Weekly rotations tripled to six in June.

Meanwhile, in March this year, scheduled flights were launched to Hangzhou, China from Billund in Denmark, using the leased 767-300Fs operated by Maersk Air Cargo.

In June, weekly rotations increased from three to five, increasing further to six weekly rotations in August.

Maersk also carries out several weekly freighter return flights between Frankfurt Hahn and Greenville-Spartanburg, operated



Maersk now flies from Billund to Hangzhou



Photo: Maersk

Pozas Lucic says A.P. Moller - Maersk is aiming to become the leader in end-to-end logistics

by UK-headquartered freighter firm Magma Aviation, and weekly flights between Hahn and Chicago Rockford, operated by Mexican cargo airline mas.

These operations have been in place for many years and have been a key part of the product offering of Senator International – acquired last year and now integrated into Maersk Air Freight.

Pozas Lucic points out that despite Maersk's extensive own-controlled freighter network, "most of our capacity by far is and will remain with commercial airlines".

He adds: "We took a strategic decision to go down this route of having a mixed portfolio of own-controlled capacity and commercial capacity. Of course, in the current weak market this is an extra risk."

Leap of faith

Like Maersk Air Freight and the Maersk Air Cargo brand, Pozas Lucic is relatively new to Maersk. He joined in June this year from Air France KLM where he had been for 24 years – 17 of which were spent working in the cargo business. He was also vice president of corporate strategy for the group and was responsible for the passenger product for a few years.

So, what prompted him to make the move to Maersk after all those years?

"What I really liked about Maersk when I was first brought on was the ambitious strategy, culture and values. That kind of opportunity I could not refuse.

"Look at what we have already achieved in the past year in airfreight."

One of the trends that characterised the pandemic was the evolution of traditional

ocean-freight players into airfreight, spurred on by high demand and rates while shipping navigated congestion.

Pozas Lucic sees this as a positive development in the industry, despite the change in market conditions.

"I guess they see the same kind of business benefit for their customers. For me, it's good to see that others are following suit."

But he is careful not to speculate on what the future is for maritime players that have made the leap into airfreight.

"It's not that easy to make airfreight successful, to run an airline, and manage capacity. So, let's see if all the ocean carriers will continue with their plans."

He points out that Maersk's airfreight business primarily deals with shippers directly, which has speed and efficiency benefits.

"We do have a different model from the other companies. Our customers are generally the shippers. Not all the other ocean carriers follow that strategy. So, they might work with forwarders instead of shippers."

In addition to its freighters, Maersk's infrastructure investments have expanded its North American network of air gateways.

In October, the company opened a 130,000 sq ft airfreight import/export gateway near Los Angeles International Airport. Prior to this, in July, a 123,000 sq ft airfreight gateway was opened near Atlanta Hartsfield Jackson International Airport as a forward staging facility for Maersk's Greenville-Spartanburg flights.

These facilities add to Maersk's airfreight gateway near Chicago O'Hare Airport that was opened in October last year.

Route development will now play an

important part in driving the business forward among its competition.

"There are plans in place to develop and start operating new routes," Pozas Lucic says.

"We are focusing on our core routes between the main gateways globally – so, over the Pacific, over the Atlantic, between Europe and China, between Europe and Asia. It could also be the Middle East and Africa.

"On top of that, we also operate dedicated freighter services for specific customers. So, it could also be that we operate a specific lane for a specific customer only."

With its existing 777 and 767 investments in mind, it might be assumed any further aircraft investments focus on expanding numbers in these models. However, Maersk isn't ready to provide details on any future freighter plans.

Pozas Lucic is generally optimistic about the air cargo landscape despite the current operating climate.

"We are growing fast as Maersk Air Freight. We are currently a top 20 airfreight forwarder, from being top 30 at the beginning of last year. That brings its own challenges, such as keeping up with new capabilities.

"And in the long term, you could say one of the big challenges is making sure that we become a relevant part of the end-to-end logistics offering."

Growth opportunities

Maersk is also open to other forms of growth as it develops across all its business areas.

In June last year, the company completed the acquisition of Hamburg-based freight forwarder Senator International, which came with a forwarder business and an own-controlled freighter network operation between Europe and North America.

Speaking about the process, Pozas Lucic says: "Integrations like that never go without challenges. We all work hard to safeguard what Senator has built over many years and to make sure that we profit from the synergies."

Maersk also completed the purchase of US forwarder Pilot Freight Services in May last year, in a deal worth \$1.7bn, followed by the closing of the \$3.6bn acquisition of LF Logistics in Asia Pacific at the end of August last year.

Then, in January this year, Maersk completed the acquisition of Danish project logistics specialist Martin Bencher Group. The deal, with an enterprise value of \$61m, enabled it to launch Maersk Project Logistics.

Pozas Lucic says: "We are always open for new, interesting opportunities if it provides value for our customers and makes sense to Maersk, or if we can fill a capability gap or accelerate our growth."



K+N extends its lead at the top of the charts

Kuehne+Nagel retains its crown as the busiest forwarder but volumes have declined across the board as the market settles down after the pandemic, writes **Damian Brett**

Kuehne+Nagel (K+N) last year extended its lead over DHL as the world's busiest airfreight forwarder, while market conditions took their toll on overall forwarder volumes.

The leading 25 airfreight forwarders saw total volumes decline 6.3% year on year in 2022 to 16.9m tonnes as the market settled down after the Covid pandemic.

However, it was not all bad news for the sector – forwarders' revenues and profits were buoyed by ongoing high prices that more than offset the demand declines.

While the overall top 25 saw demand fall, K+N bucked the downward trend with a reported 0.5% increase in demand to a record 2.2m tonnes.

In the first five months of the year, the leading airfreight forwarder's year-on-year comparisons were boosted by the inclusion of Apex Logistics, which began to be included in results from May 2021 following its acquisition by K+N.

However, as the year progressed, K+N's airfreight volumes were increasingly affected by overall market performance. In the fourth quarter, demand fell by 15% compared with a year earlier.

Air volumes were hit by a weakening global economy, inflation, the war in Ukraine, ongoing Covid lockdowns in China and modal shift back to ocean transport as that sector worked its way through major bottlenecks.

The company did benefit from higher freight rates, which pushed air revenues up by 7.6% year on year to Sfr12.4bn, and earnings before interest and tax (ebit) for its air business were

up 20.7% year on year to Sfr1.4bn.

"In 2022, the increase in demand for air transport services in the first half of the year was generated from positive volume development but also from challenges in seafreight supply chains," the company says in its annual report.

"This, in combination with an extended period of low availability of belly capacity due to low frequency of passenger travel, has led also in the airfreight market to capacity shortage and high freight rates.

"At the end of the year the situation has turned towards one of weak demand and overcapacity in the markets, with subsequent pressure on the yields.

"Similar to the situation in seafreight, a favourable service mix, strong development in the transpacific market, unprecedented access to charter capacity and operational efficiency under the difficult circumstances contributed to stable margins."

Market downturn

Second-placed DHL Global Forwarding saw its air cargo volumes fall by 9.3% year on year last year to 1.9m tonnes, reflecting market conditions – the overall airfreight forwarding market was estimated to have declined by around 10% last year.

Parent Deutsche Post DHL said in its annual report that the market had been characterised by volatility in 2022, and that volumes had slowed down over the course of the year in line with the development of the macro environment.

This was influenced by factors such as the war in Ukraine, pandemic-related lockdowns in Asia and high inflation.

A shift back to ocean freight – which was plagued by disruption in 2021 – also had an impact on volumes, the company said.

Declines were seen primarily on the trade



Air cargo volumes fell by 9.3% at second-placed DHL Global Forwarding

Photo: Peter Kniez / Shutterstock



Photo: Kuehne+Nagel

Kuehne+Nagel once again took the top spot as the world's busiest airfreight forwarder

'Global air cargo tonnages have been in decline since February 2022 – with export from Asia as the weakest market'

DSV

lanes between China and the US, as well as between China and Europe.

However, the forwarder benefited from higher freight rates – although they weakened as the year progressed – and revenues increased by 18.7% year on year to €10.4bn, while gross profits improved 48.5% to €2bn.

Third-placed DSV was another company to benefit from acquisitions as its volumes increased by 3.1% year on year to 1.6m tonnes.

The volume improvement is thanks to the inclusion of results for Agility Global Integrated Logistics (Agility GIL), which the company purchased in 2021.

With Agility GIL's figures removed from the result, the company expects that it would have reported a demand decline of 7% for the year.

While the year started strongly, the company did see its performance weaken as the year progressed, in line with the overall market.

In the fourth quarter, DSV's airfreight volumes declined by 16% year on year with the overall market estimated to have declined by the same amount.

"Global air cargo tonnages have been in decline since February 2022 – with export from Asia as the weakest market," DSV says. →

Top 25 airfreight forwarders 2022

Rank	+/-	Company	Air metric tons	YoY change (%)	Gross logistics revenues (\$m)	Headquarters
1	0	Kuehne + Nagel	2,232,000	0.5	46,864	Switzerland
2	0	DHL Supply Chain & Global Forwarding	1,902,000	-9.3	45,590	Germany
3	0	DSV	1,557,972	3.1	34,883	Denmark
4	0	DB Schenker	1,326,000	-7.8	30,392	Germany
5	0	Expeditors	869,000	-17.0	17,071	United States
6	+1	Nippon Express	867,039	-10.8	19,932	Japan
7	-1	UPS Supply Chain Solutions	864,000	-12.6	14,294	United States
8	0	Sinotrans	781,000	-2.9	16,405	China
9	+1	Bolloré Logistics	708,000	7.9	7,466	France
10	-1	Kintetsu World Express	688,822	-5.5	8,710	Japan
11	0	Hellmann Worldwide Logistics	652,100	n/a	5,504	Germany
12	+2	CEVA Logistics	520,000	9.7	18,700	France
13	-1	Kerry Logistics	515,419	-1.0	10,483	Hong Kong
14	-1	AWOT Global Logistics Group	495,000	1.8	3,711	China
15	0	CTS International Logistics	373,139	-10.3	3,274	China
16	+3	Crane Worldwide Logistics	337,300	n/a	1,600	United States
17	-1	Yusen Logistics*	325,000	-20.7	6,886	Japan
18	0	GEODIS	293,984	-15.2	12,624	France
19	+1	CH Robinson	285,000	-5.0	23,874	United States
20	+1	NNR Global Logistics	261,701	-9.4	2,091	Japan
21	+3	Dimerco Express Group	238,382	-5.4	1,474	Taiwan
22	N/A	DACHSER	236,865	-5.8	8,918	Germany
23	0	FedEx Logistics	232,100	-12.6	2,550	United States
24	+1	cargo-partner	218,607	-8.7	2,235	Austria
25	new	Maersk Logistics	211,484	n/a	14,423	Denmark
Total			16,961,914	-6.3		

Revenues and metric tons are company reported or Armstrong & Associates, Inc (A&A) estimates. Revenues have been converted to US\$ using the average annual exchange rate. Year-on-year volume % changes calculated by Air Cargo News. *Updated by Air Cargo News. © 2023 Armstrong & Associates

→ “Normal peak season did not materialise in Q4-22.”

The company adds that there was also a gradual yield decline as supply chain congestion eased and bellyhold capacity returned.

The forwarder reporting the largest fall in demand is Japan's Yusen Logistics, as its air volumes fell by 20.7% year on year.

“In the airfreight forwarding business, it was possible to secure a certain level of profit through the acquisition of spot shipments and reducing costs by revising the agile purchasing activities, but due to the weak cargo volumes, handling volumes and profit levels fell compared to the last fiscal year,” parent company NYK Group says.

Tough times in Japan

Other Japanese forwarders appear to have had a tough year, with Nippon Express reporting a 10.8% fall and NNR Logistics' tonnages falling by 9.4%, although Kintetsu World Express reports a lower fall of 5.5%.

The results reflect a tough year for the Japanese economy in 2022, as it narrowly avoided a recession in the final quarter of the year due to weak consumption and low international demand.

It was also a tough year for US forwarders, following a particularly good 2021. Expeditors registered the biggest decline in demand of the top North American players as volumes declined by 17%.

At the start of the year its operations were hit by a cyber attack, after which it took weeks to get back up to full capacity.

The company said that airfreight tonnages decreased in almost all regions due to softening demand, lockdowns in China and downtime caused by the cyber attack – the largest decrease coming from exports out of



Acquisitions led to increased volumes at DSV, helping it to achieve third place

Photo: Henrik A Jonsson / Shutterstock

north Asia, south Asia and North America.

“Though we continued to process air shipments on a limited basis during the downtime caused by the cyber attack, our volumes were negatively affected.

“Subsequent to the downtime in March, our volumes began to recover as customers gradually returned but were negatively affected through the second quarter.”

The company registering the largest increase in demand for the year was CMA CGM-owned CEVA Logistics, as its volumes increased 9.7% to 520,000 tonnes following a series of acquisitions.

During the year, the company purchased Gefco, Spedag Interfreight, Ingram Micro's former Commerce & Lifecycle Services business and Colis Privé, a France-based last-mile provider.

New entry

Another notable change to the list is the entry of Maersk Logistics in 25th position.

The AP Moller Maersk-owned forwarder saw its volumes grow through a series of acquisitions including Senator International, Pilot Freight Services and LF Logistics.

Looking ahead to next year, consolidation amongst the top performers is set to continue with deals confirmed and the possibility of one major deal to come.

In May, CMA CGM committed to purchasing Bolloré Logistics in a deal worth an estimated \$5.5bn.

Combining Bolloré with CEVA would create a forwarding giant with annual airfreight volumes of around 1.2m tonnes, based on last year's numbers, making it the world's fifth-largest airfreight forwarder.

Elsewhere, May also saw the confirmation of Nippon Express' takeover of Hungary-based cargo-partner in a deal worth an estimated \$740m.

‘It was possible to secure a certain level of profit through the acquisition of spot shipments and reducing costs by revising the agile purchasing activities’

NYK Group

Based on 2022 figures, the combined entity would have airfreight volumes of just under 1.1m tonnes, placing it slightly behind the combined CEVA-Bolloré on the top 25 list in sixth place.

There is also the possible sale of the world's fourth-largest airfreight forwarder DB Schenker.

In December 2022, Deutsche Bahn assembled a team to examine the potential sale of up to 100% of the business, which has been valued at around \$20bn.

Reports suggest that if a sale were approved, the company could be sold to financial or strategic investors.

If DB Schenker were to be sold to an existing player, there can only be a few companies with the financial firepower and experience of large-scale integrations that would be willing to consider a bid.

Names mentioned as potential buyers include DHL Group, DSV and AP Moller Maersk, although *Air Cargo News* understands the latter isn't considering a takeover of that size.

If either DHL or DSV were to succeed in a bid, they would overtake Kuehne+Nagel to become the world's largest airfreight forwarder.

acn



Reports suggest the potential sale of fourth-placed DB Schenker

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New treatments put extra demands on pharma airfreight

Modern medicines can require very careful storage. Combined with the increasingly global nature of the healthcare market, this is a challenge for carriers and the rest of the supply chain, writes **Chris Lewis**

The pharma industry and airfreight have always had a close relationship – and it is one that continues to evolve.

Developments in science, technology and logistics have gone hand in hand to create an ever more sophisticated and complex supply chain that delivers new treatments not just to the developed ‘West’ but all over the world.

Life sciences, as we often now call the medical sector, encompasses a broad range of scientific fields, including medical devices, genetics and biotechnology, in addition to pharmaceuticals. All of them require robust and reliable supply chains.

Julian Sutch, head of global pharma sales at Emirates Skycargo, says that the nature of the pharma and life sciences freight being moved has changed greatly in the past few years.

With developments in gene editing and cell therapy – and the growth of clinical trials – traffic in this sub-segment now accounts for about 1.3m kg of the 2m kg moved by the Dubai-based carrier, which recently launched a specific service for this sector, Emirates Vital.

These products don’t just need precise temperature control; they also need new standards of track and trace.

Tissue removed from a patient for analysis might be replaced only at great cost – and possibly cannot be replaced at all – making some consignments literally priceless.

DHL, in a white paper published in June – *Delivering Next-Level Healthcare* – also notes that the rapid transformation of the life sciences and healthcare sector is driving changes in logistics.

Other factors driving growth, DHL says, include an ageing population, increased consumer focus on health and wellness and increasing e-commerce sales.

Another major trend that can be seen is the growth of new therapeutic approaches, including biopharmaceutical products and gene-based medicine.

DHL says that the market for such therapies is forecast to grow from about \$5bn in 2012 to almost \$37bn by 2027.



Fabrice Panza, Etihad Cargo

It adds that biopharmaceutical products are delicate and expensive and need to be handled carefully at every stage in the supply chain.

The pharmaceuticals industry, therefore, has invested more than \$17bn per year in cold chain logistics and this has led to a diverse range of cold chain logistics services, encompassing shipments requiring temperatures as low as minus 196 degrees Celsius.

All this puts new demands on healthcare supply chains, either by introducing complexity to existing processes or by necessitating entirely new supply chain models.

Circular chain

An extreme example, it suggests, are autologous cell therapies, where treatments are derived from an individual’s blood, which requires a tightly controlled two-way supply chain for each patient and creates the need for rigorous chain-of-identity and chain-of-custody requirements.

Julia Swales, senior editor at UK-based logistics research firm Ti Insights, confirms the importance of biologics, or biopharmaceuticals, in the company’s latest *Global Pharma* report.

The new breed of medicines that have emerged since 1982, when it became possible to produce human insulin in a lab, offers pharma firms much higher profit margins – but at the same time they are more complex, more delicate and more prone to contamination than other drugs.

Breaks in the supply chain often cause problems. This is one reason that, paradoxically, seafreight can be favoured over air – because cargo can be loaded into a temperature-controlled container and moved door to door.

However, there are many occasions when the sheer speed of airfreight makes it essential.



Photo: IAG Cargo

IAG's Constant Climate brand deals with temperature-sensitive pharma goods

Theft is also a problem for biologics, says Swales, and not only because of the potential loss of valuable – even priceless – commodities. There is also the potential for damaged drugs to end up in the supply chain.

Another characteristic of the biological supply chain, she says, is that it is often circular in nature; the treatment may start with a patient's white blood cells being sent to a lab which produces the treatment – which is then sent back to the patient.

Swales adds that demand in emerging markets is starting to be a factor as many countries have begun to move from tackling diseases that are easily treatable with now readily available drugs to the more complex cardiovascular or cancer treatments more readily associated with the developed world.

Fabrice Panza, manager of global cool chain solutions at Abu Dhabi-based airline Etihad, says that the carrier's PharmaLife product also highlights the importance of precise temperature control.

"We have established dedicated temperature-controlled facilities and infrastructure to maintain the required temperature ranges, from minus 80 to 25 degrees Celsius, throughout the transportation process," he explains.

In fact, availability of fast, dependable airfreight has had a profound effect on the global pharma industry itself.

Manufacturing sites have become more centralised and plants serve wider global markets than ever before.

Analysis samples can be moved rapidly across the world – to and from specialist labs and production sites – making it more feasible to treat patients in their home countries. Scale economies are now possible in what were hitherto niche areas of medicine.

Emirates, for example, has launched Emirates Medical Devices, covering another sector of the market where everything has become a lot more personalised – for example, replacement knee joints are often bespoke to the patient.

Transformative impact

Panza continues: "Etihad Cargo recognises reliable air cargo services with precise temperature-control capabilities have a transformative impact on the global pharmaceuticals and life sciences industry.

"It is for that reason that we have enhanced our PharmaLife product, so we are able to contribute to the creation of a truly global supply chain that helps specialised treatments become more viable."

He further stresses: "By helping to create a more interconnected global industry, the potential for centralised production and the emergence of distribution hubs is increased, allowing for increased efficiency, reduced costs and improved accessibility to treatments for rarer conditions."

Etihad Cargo's PharmaLife network covers some 62 destinations and it has developed more than 1,330 IATA CEIV Pharma/Good Distribution Practice (GDP)-certified trade

lanes. The carrier is also collaborating with key airline partners to establish further CEIV-certified trade lanes.

It also played a pivotal role in establishing Pharma Corridor 2.0 between Abu Dhabi and Brussels.

The airline has already shipped 71% more pharmaceutical and life sciences cargo volumes through the corridor – more than 1,900 tonnes of medicines and treatments across 32 countries.

Keeping products within a strict temperature range is vital, not only during the flight but also during first-mile and last-mile transportation. This requires carriers and other stakeholders, including shippers and freight forwarders, to work closely together to manage every stage of the journey, monitor temperatures and facilitate handovers.

Panza adds: "Once commodities arrive at the cool chain facility, a potential challenge is dealing with shipments that require different temperatures and different handling.

"There is also the challenge of these stakeholders using different platforms, which can hinder their ability to communicate effectively with each other."

In remote areas, these challenges are exacerbated: "In addition to ensuring the temperature of cargo is controlled, we also need to factor in limited infrastructure, a lack of reliable transportation networks and harsh environmental conditions," Panza says.

Etihad Cargo has invested in solutions such as advanced temperature-controlled

→ containers and monitoring systems and it also collaborates with local partners and regulatory authorities to establish reliable processes in remote regions.

In addition, as a member of industry association Pharma.Aero, it is committed to studying and designing solutions for these areas.

While Covid-19 vaccines are not being shipped in the vast quantities of the past few years, a key lesson learned during the pandemic is that collaboration with stakeholders within the pharma supply chain is essential.

Through PharmaLife, Etihad has implemented robust cool chain management practices, established partnerships with vaccine and medicine manufacturers and enhanced operational efficiency.

Looking to the future, it is deploying AI-powered solutions – for example, generating unit load device (ULD)-level load plans to maximise cargo carried on flights and significantly reduce the risk of offloads.

Etihad will also continue to develop strategic partnerships with pharmaceuticals and life sciences companies to offer tailored logistics solutions, building on the success of Pharma Corridor 2.0.

On the ground

Facilities on the ground have also had to adapt and evolve. The days when sensitive products could be passed through an ambient shed and shippers crossed their fingers and hoped for the best are long gone.

Etihad Cargo has launched a 3,000 sq m cool chain facility at Abu Dhabi Airport in partnership with Etihad Airport Services Cargo and Abu Dhabi Airports. This will double cool chain space, adding 50,000 tonnes.

Emirates Skycargo opened its \$200m facility at its Dubai hub seven years ago, and is in the process of creating similar facilities at airports around the world, including Chicago, New York, Miami and Denmark.

Meanwhile, at a press briefing to launch its New Premia building at London Heathrow, IAG Cargo chief executive David Shepherd, said that pharma forms a significant part of the carrier's total business.

At Irish subsidiary Aer Lingus, pharma cargo was well over half the total. It was also important in India, he added.

New Premia is designed to help IAG Cargo offer further services.

"One of our challenges was that, until New Premia opened, we didn't have the facility to build and break down passive pharma shipments," Shepherd explained.

This made it hard for IAG Cargo to cater for the customer who wanted to move a few boxes of passive pharma goods.



Photo: Emirates SkyCargo

Packaging technology evolves with new cargoes

New Premia offers 29 dedicated cool cells and temperature facilities at 2-8 degrees Celsius, 15-25 degrees Celsius and minus 20 degrees Celsius.

The 15-25 degrees Celsius chamber includes two dedicated break-and-build workstations.

It is certified under IAG Cargo's Good Distribution Practice (GDP) Wholesale Distribution Authorisation licence issued by the UK Medicines & Healthcare Products Regulatory Agency.

The building is temperature-controlled throughout, with blowers at the doors to maintain the correct internal temperature. Staff monitor the temperature and can change it if necessary.

The new building also incorporates a full area for Constant Climate traffic – IAG's brand name for temperature-sensitive pharma goods – that offers precisely controlled temperatures of 2-8 degrees Celsius, alongside an area for frozen shipments.

Customers collecting or delivering temperature-sensitive cargo are allocated a specific door to virtually eliminate exposure to the outside air – just one example of the attention to detail now required in this demanding sector.

Amsterdam Schiphol Airport's cargo team, meanwhile, is reviving its Pharma Gateway Amsterdam platform in line with its updated cargo strategy.



David van der Meer, Schiphol

Owing to circumstances such as the Covid-19 pandemic, slot restrictions, and changes to its organisation, little was heard about Schiphol's ongoing development as the premier pharma gateway in Europe.

Now, though, the airport says it is aiming to designate pharma logistics as one of the most important verticals.

Airlines and forwarders are also indicating that pharma airfreight will continue to innovate and grow in the years to come.

Forwarders such as VCK Logistics, Janssen, Kuehne+Nagel and Geodis, among others, say that the time is right to renew and upgrade efforts to show the world that Schiphol is still the premier pharma gateway.

Cargo partnerships director David van der Meer says that Schiphol has had a great track record for many years, leading large pharmaceuticals manufacturers to base themselves in the Netherlands.

He adds that shippers continue to select Amsterdam as their preferred gateway for pharma, with all parties involved combining their know-how to improve quality and handling time.

He says: "During the pandemic we have all seen how crucial supply security is for both the Netherlands and Europe.

"Schiphol and its cargo community are eager to use their expertise and infrastructure, in combination with the Smart Cargo Mainport Program, to boost digitalisation and innovation and improve the handling of pharma products. Stay tuned for the beginning of next year."

Passive packaging

Packaging is uniquely important in this segment of the market. Sutch at Emirates says that technology has become much more sophisticated.

Some of the 'passive' boxes used for smaller shipments are in effect mobile fridges – thanks to the development of phase change material (PCM), which has now transformed insulation properties to the point where the temperature can be maintained for up to 260 hours.

Lee Stopher, product manager at packaging specialist Peli BioThermal, sees a significant shift towards passive bulk shippers.

Raw materials issues and the difficulties with the global supply chain have created a climate that favours more sustainable, affordable shipping solutions and passive bulk shippers are increasingly meeting this need, he says.

There has been a move from traditional water-based passive systems to systems that combine PCM and vacuum insulated panels (VIPs), giving greater protection and thermal stability than expanded polystyrene.



Photo: Etihad Cargo

Stopher says: “While both shipper options change phase, water runs the risk of cold shock, with a phase change point of 0 degrees Celsius. PCM, with a phase change point around 5 degrees Celsius, provides peace of mind shipping and the ability to pause or extend performance.”

Passive reusable bulk systems often represent a cost saving for companies, compared with active systems and their single-use counterparts, especially when procured through rental models.

They also offer a greater range of sizing options than active shippers and, because they

require no electricity, dry ice or batteries, allow a variety of transportation choices and alleviate the risk of power failure.

Stopher states: “With water-based shippers there are only two options you can choose from – refrigerated and ambient – which limits what you can store and transport in those solutions. PCM provides a broader range of temperature control, including frozen and deep-frozen. PCM can protect products across the full temperature control spectrum, apart from cryogenic or ultra-frozen.”

Greater efficiencies can be gained when it comes to packing and assembly, he continues.

Water-based equipment will require refrigerated and frozen coolants to be assembled in a certain sequence and placed in a particular position in a box to achieve a thermal gradient, adding to the weight and opportunity for human error.

Stopher adds: “Utilising VIPs and PCM provides 96-plus hours of protection, which suits international pharma shipments that can be prepared and delivered preconditioned to a customer. This means you can take all the storage, inventory, assembly and warehouse stress away from the customer.”



Lee Stopher, Peli BioThermal

Green light for Envirotainer-va-Q-tec merger

PHARMACEUTICALS LOGISTICS SPECIALIST Envirotainer and thermal insulation company va-Q-tec gained approval from the Austrian and German competition authorities for a merger in late July.

The deal covers Envirotainer’s active unit load device (ULD) containers and the CryoSure minus 70 degrees Celsius dry ice shipping solution, together with va-Q-tec’s passive boxes and containers, but not va-Q-tec’s non-pharma operations.

The full combination is expected to be in place during the second half of 2024 and would, says Envirotainer chief executive Peter Gisel-Ekdahl, “revolutionise the industry and lead to a comprehensive and unparalleled temperature-controlled offering, tailored to all kind of customer needs”.

He adds: “By combining the two entities, the operational network of service stations will further expand, which will cater to the global growing demand for temperature controlled pharmaceuticals shipping.”

Air cargo stars soar

Some of airfreight's top performers came together at the Hilton London Syon Park in October as the industry celebrated their achievements at the Air Cargo News Awards



Photos: Ed Telling

The air cargo industry gathered in London on October 12 to celebrate business excellence at the Air Cargo News Awards.

About 240 people from across the airfreight sector gathered at the Hilton London Syon Park to network with colleagues

and find out which companies had won the prestigious trophies.

The awards were hosted and presented by comedian, writer and TV personality Dominic Holland.

There was also an opportunity to network with friends and colleagues from the industry



The Cargo Airline of the Year award was won by Ethiopian Airlines Cargo. Henock Woubishet (C) collected the prize from James Gidlow (R) of sponsor FlyUs Aviation Group and event host Dominic Holland



during a welcome reception, a three-course meal and on the dance floor.

In total, 15 companies picked up an award at the event.

The awards are either based on entries that are then ranked by our panel of judges or voted for by readers of *Air Cargo News*.

In the voted-for categories, more than 5,000 shippers, freight forwarders and other airline customers voted for the carriers they believed provided the best service levels in each region as well as the overall cargo airline of the year.

The prestigious **Cargo Airline of the Year** award was won by Ethiopian Airlines Cargo

for the second year in a row. The award was presented by James Gidlow of award sponsor FlyUs Aviation Group to Ethiopian Airlines' Henock Woubishet.

The award comes as Ethiopian has this year announced investments in its online offering, network expansion and e-commerce partnerships.

Moving on to the regional awards, the next category was **Best Cargo Airline – Americas**, sponsored by Network Aviation Group.

The winner of the award was Avianca Cargo, which has developed three new service levels, achieved all four IATA CEIV

certifications and added new freighter connections to Brazil and the US.

Avianca Cargo's Arnaldo Benegas and Eduardo Arenas collected the award from John Gilfeather of award sponsor Network Aviation Group.

The Best Cargo Airline – Asia award was won by Cathay Cargo. The carrier has launched a new digital partnership with Kuehne+Nagel, rebranded its cargo operation and joined an intermodal scheme in Hong Kong. Jansen Stafford of Cathay Cargo collected the award from Yasmine Sabri of University College London. →



Avianca Cargo won Best Cargo Airline – Americas. Arnaldo Benegas (CL) and Eduardo Arenas (CR) collected the prize from John Gilfeather of sponsor Network Aviation Group



Jansen Stafford (C) of Cathay Cargo collected the Best Cargo Airline – Asia award from Yasmine Sabri of University College London



This year's winners

Category	Winner
Cargo Airline of the Year (Sponsored by FlyUs Aviation Group)	Ethiopian Airlines
Best Cargo Airline – Americas (Sponsored by Network Aviation Group)	Avianca Cargo
Best Cargo Airline – Asia	Cathay Cargo
Best Cargo Airline – Europe (Sponsored by dnata)	Turkish Cargo
Best Cargo Airline – Middle East	Emirates SkyCargo
Best Cargo Airline – Africa (Sponsored by Awery Aviation Software)	Ethiopian Airlines
Best Freighter Operator	Etihad Cargo
Air Cargo Environment Award	Worldwide Flight Services
Air Cargo Pharma Award	Qatar Airways Cargo
Cargo Hub of the Year (Sponsored by Etihad Cargo)	Changi Airport Group
Ground Handler of the Year (Sponsored by Air France KLM Martinair Cargo)	dnata
Air Cargo Charter Project of the Year	Chapman Freeborn
GSSA of the Year (Sponsored by American Airlines Cargo)	FlyUs Aviation Group
Innovation Award – Digital (Sponsored by Carousell Logistics)	Etihad Cargo
Innovation Award – Product (Sponsored by Brussels Airport)	Dronamics

→ **The Best Cargo Airline – Europe** prize was won by Turkish Cargo and sponsored by dnata.

Alex Doisneau of dnata presented the award to Mehmet Kiziltan of Turkish Cargo.

Turkish Cargo has launched new partnerships with DHL Global Forwarding and Avianca Cargo and it played a key role in transporting aid to Turkey following the devastating earthquake at the start of the year.

The Best Cargo Airline – Middle East award was this year won by Emirates SkyCargo.

During 2023, the carrier has expanded its fleet with two additional Boeing 747 freighters while also launching a series of new pharmaceutical services.

The award was presented to Justin Hanson of Emirates SkyCargo by Richard Perry of *Air Cargo News*.



The Best Cargo Airline – Europe award was won by Turkish Cargo and collected by Mehmet Kiziltan (C) from Alex Doisneau of sponsor dnata



Justin Hanson (C) of Emirates SkyCargo collected the Best Cargo Airline – Middle East trophy from Richard Perry of *Air Cargo News*



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→ The winner of the Awery Aviation Software-sponsored **Best Cargo Airline – Africa** award was Ethiopian Airlines Cargo, picking up its second award of the night. The carrier has been investing in its digital capabilities while also developing its cargo network out of China.

The award was collected by Henock Woubishet of Ethiopian Airlines Cargo and presented by Vitaly Smilianets of Awery Aviation Software.

Moving on to our judged categories, the specialist maindeck award for the **Best Freighter Operator** category went to Etihad Cargo.

Judges praised the airline's strong strategy execution. They were also impressed by the airline's investment in performance, pharma services and data tools.

The award was presented to Ricky Horsley of Etihad Cargo by Damian Brett of *Air Cargo News*.

Avianca Cargo was highly commended in this category. →



The Best Cargo Airline – Africa prize was won by Ethiopian Airlines Cargo. Henock Woubishet (C) picked up the award from Vitaly Smilianets of sponsor Awery Aviation Software



Etihad Cargo scooped the Freight Operator of the Year award. The trophy was presented to Ricky Horsley (C) by Damian Brett of *Air Cargo News*

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Best Freighter Operator
Innovation Award – Digital



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→ One of the most competitive awards is the **Air Cargo Environment Award**, which was this year won by Worldwide Flight Services (WFS).

The ground handler is reducing its carbon footprint by transitioning to renewable energy sources for powering warehouses and office buildings in WFS stations. WFS' power requirements are now met entirely with renewable energy at many of its locations.

The award was collected by Paul Carmody of WFS from Rebecca Jeffrey of *Air Cargo News*.

Envirotainer and CargoAi were highly commended for the environment award.

The **Air Cargo Pharma Award** was this year won by Qatar Airways Cargo. Judges were impressed by the carrier's sophisticated five-category pharma product, active container milestone alerts as well as tier one and tier two designations for origin/destination airports.

Etihad Cargo was highly commended in this category.

Shama Cooper and Liam Innes of Qatar Airways Cargo picked up the award from



George Fenton of the event's charity partner, the Humanitarian Logistics Association.

The **Cargo Hub of the Year** award, sponsored by Etihad Cargo, was won by Changi Airport Group after it focused on raising service quality and handling standards, improved its special cargo handling capabilities and invested in strengthening environmental performance.

Judges praised the group's excellent innovations to improve speed and service through the airport and its international collaborative mindset.

The award was collected by Bock Chuan Tiong of Changi Airport Group from Mick Mackenzie of sponsor Etihad Cargo.

Hong Kong International Airport was highly commended in this category.

The **Ground Handler of the Year** award was this year once again won by dnata.

The award was collected by Alex Doisneau of dnata from Arturo Marte of award sponsor Air France KLM Martinair Cargo.

The judges commended dnata for an impressive focus on innovation, using digitalisation to enhance efficiency and for introducing drones in warehouse operations. They also applauded initiatives in the areas of innovation, sustainability and diversity.

Asia Airfreight Terminal was highly commended in this category.



Worldwide Flight Services won the Air Cargo Environment Award with the trophy picked up by Paul Carmody (C) from Rebecca Jeffrey of *Air Cargo News*



George Fenton of the Humanitarian Logistics Association presented the Air Cargo Pharma Award to Shama Cooper (RC) and Liam Innes (LC) from winner Qatar Airways Cargo



The Cargo Hub of the Year award was collected by Bock Chuan Tiong (C) of Changi Airport Group from Mick Mackenzie of sponsor Etihad Cargo



The Ground Handler of the Year accolade was collected by Alex Doisneau (C) of dnata from Arturo Marte of sponsor Air France KLM Martinair Cargo



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"Air cargo needs constant attention – pieces that fit together, routings that seamlessly connect, and, above all, a global team that ensures the swift and secure movement of every single shipment. A team that is always striving to reach the next level. My job is never just a job. I am proud to be a part of the world's leading cargo airline." Justin Gan Jing Wei, Transformation Manager.

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→ The winner of the **Air Cargo Charter Project of the Year** award was Chapman Freeborn.

There were some fantastic entries in this category, but Chapman Freeborn's operation to deliver humanitarian aid to Turkey and Syria following two devastating earthquakes in February 2023 impressed the judges the most.

Judges said they were impressed by the emergency response at pace when earthquake survivors needed it most.

The deugro Group was highly commended in this category.

The trophy was presented to Hannah Brown of Meantime Communications on behalf of Chapman Freeborn by Annie Roberts from DVV Media.

Scooping the American Airlines Cargo-sponsored **GSSA of the Year** award was FlyUs Aviation Group, with judges impressed by the company's market growth and new services.

During the year the company has invested in new locations and secured new contracts across the globe. It has also further developed its artificial intelligence and technology tools in order to enhance customer service levels.

Network Airline Services was highly commended in this category.

James Gidlow of FlyUS Aviation picked up the award from Emma Oliver of American Airlines Cargo.

The Carousel Logistics-sponsored **Innovation Award – Digital** was won by Etihad Cargo. Judges praised consistent commitment and progress on digitalisation with a series of investments in digital solutions, especially building on smart partnerships.

The award was collected by Mick Mackenzie of Etihad Cargo from Andrew Lowery of sponsor Carousel Logistics.

The final judged award of the night was **Innovation Award – Product** sponsored by Brussels Airport.

The winner was cargo drone firm Dronamics.

The company has developed large, long-range drones built specifically for cargo, with its flagship Black Swan able to carry 350 kg at a distance of up to 2,500 km.

The award was presented to Shannon Penaluna by Dimitri Bettioni of sponsor Brussels Airport.

A full gallery of pictures from the evening can be found at aircargonewsawards.net. 



Hannah Brown (C) of Meantime Communications collected the Charter Project of the Year Award from DVV's Annie Roberts on behalf of winner Chapman Freeborn



The GSSA of the Year award was won by FlyUs Aviation Group. James Gidlow (C) collected the trophy from American Airlines Cargo's Emma Oliver



Etihad Cargo won the Innovation Award – Digital, with Mick Mackenzie (C) picking up the award from Andrew Lowery of sponsor Carousel Logistics



The Innovation Award – Product was this year won by Dronamics, with the trophy collected by Shannon Penaluna (C) from Dimitri Bettioni of sponsor Brussels Airport

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Demand grows but direction of global trade is still uncertain

IATA HAS delivered some positive news for the airfreight industry with new data that shows year-on-year air cargo demand grew for the first time in 19 months – but it said the trajectory of global trade is a concern.

The industry body noted that demand, measured in global cargo tonne km (CTKs), increased by 1.5% year on year in August, the first annual growth since February 2022. However, industry CTKs remained 1.3% lower than the August pre-pandemic level in 2019.

Meanwhile, air cargo capacity, measured in available cargo tonne km (ACTKs), was up by 12.2% year on year and was 3.9% higher than 2019 levels.

“This was largely related to belly capacity, which rose by 30% year on year as airlines ramped up operations to meet peak northern summer travel season demand,” IATA said.

Economic challenges, specifically the “sustained annual contraction of trade”, remain a concern for the industry, IATA said. It added that inflation in the US increased for the second month in a row, after 13 months of falls.

IATA warned: “If global trade continues to weaken, air cargo demand may not significantly improve in the coming months.

“Air cargo demand grew by 1.5% over the previous August. This is the first year-on-year growth in 19 months, so it is certainly welcome news. But it is off a low 2022 base and market signals are mixed.

“Looking ahead, while many uncertainties remain, we can take some optimism from PMI data moving towards positive territory,” said Willie Walsh, IATA’s director general. “This is particularly significant as we head into air cargo’s traditional peak year-end season.”

Airlines in the Asia Pacific, Latin America, and Middle East

regions notably saw volume growth.

Asia Pacific airlines saw their air cargo volumes increase by 4.9% in August year on year.

The region saw improved performances on the Europe-Asia, Middle East-Asia, and within-Asia trade lanes.

North American carriers registered a 1.2% decline, an improvement on July.

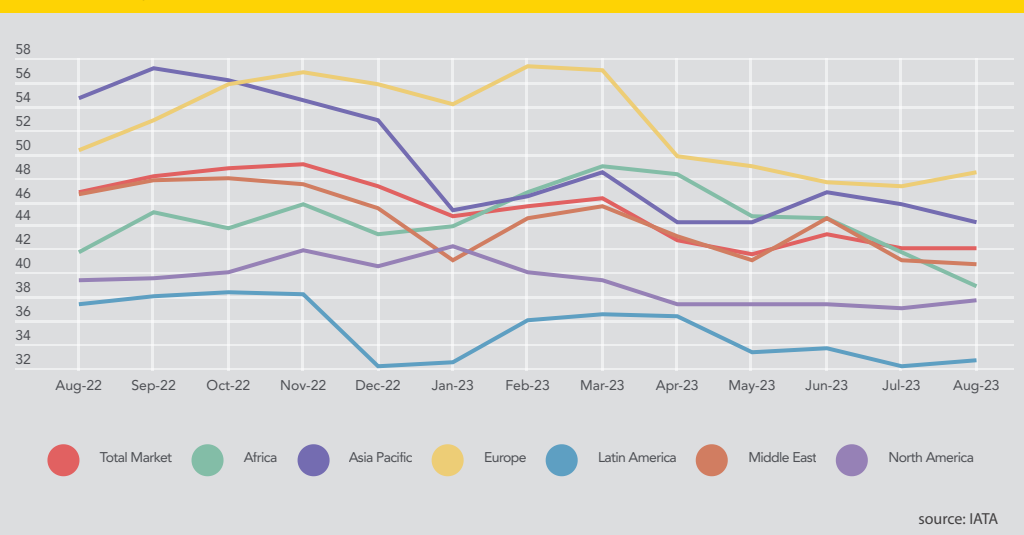
Middle Eastern carriers experienced a 1.4% year-on-year increase in cargo volumes, mainly driven by the growth in demand on the Middle East-Europe market.

Latin American carriers continued to benefit following major industry restructuring, with a 6.2% increase in cargo volumes compared with August 2022.

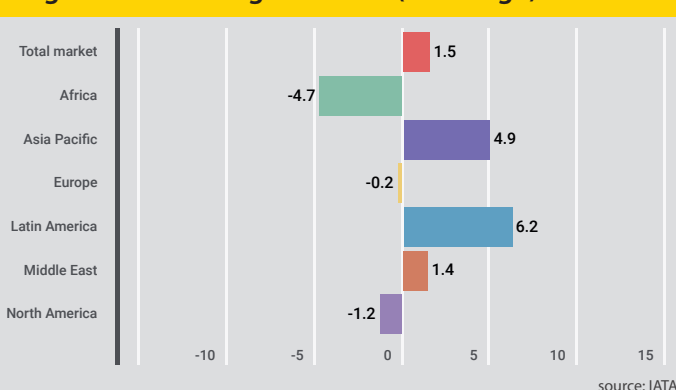
European carriers saw their air cargo volumes decline by 0.2% in August compared with the same month in 2022. This was, however, an improvement in performance versus July (-1%).

African airlines had the weakest performance in August 2023, with a 4.7% decline in cargo volumes compared with August 2022, affected by soft demand on the Africa-Asia trade lane.

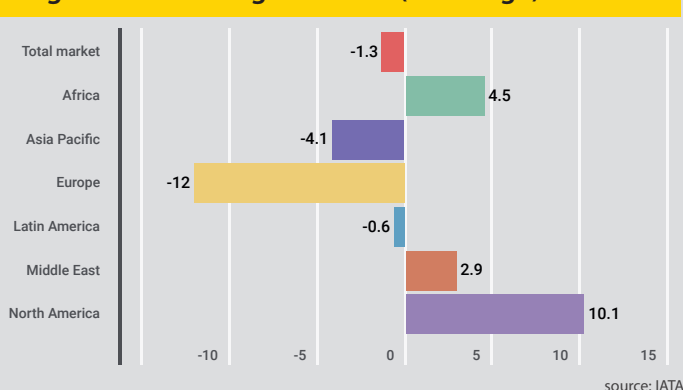
Airline cargo load factors (%)



Aug 2023 CTK v Aug 2022 CTK (% change)



Aug 2023 CTK v Aug 2019 CTK (% change)



Rates start to show signs of recovery

AIRFREIGHT RATES finally showed signs of improvement in September as prices out of Hong Kong increased for the second month in a row.

The latest figures from the Baltic Exchange Airfreight Index (BAI) show that average rates paid by forwarders from Hong Kong to Europe and North America increased last month.

Hong Kong to North America rates in September increased to \$4.90 per kg from \$4.85 per kg a month earlier, with improvements picking up as the month progressed.

From Hong Kong to Europe, prices improved to \$3.72 per kg from \$3.65 per kg in August.

Rate increases at this time of year are not too much of a surprise as the industry enters the busier peak season.

Perhaps more notably, the gap on last year's performance continued to narrow last month.

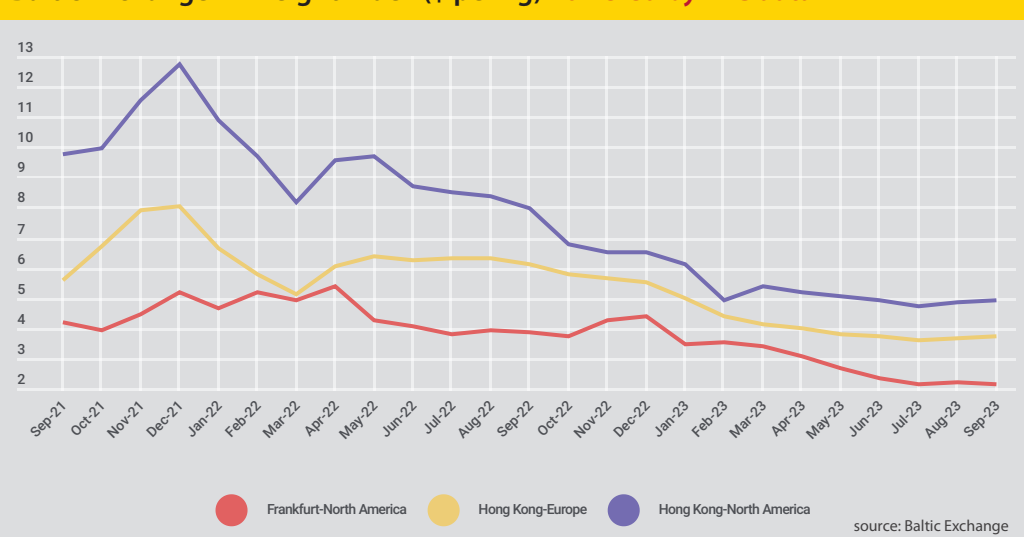
In August, rates from Hong Kong to North America were down 41.8% year on year. This narrowed to 38.3% in September – the first time since March that the difference has been below 40%.

To Europe, the difference narrowed to 38.9% in September from 42.4% in August. This is the first time since April the gap has been below 40%.

In recent weeks, market

reports have suggested a rise in demand and a tightening of capacity. E-commerce demand out of Hong Kong and new product launches boosted demand, the reports said.

Baltic Exchange Airfreight Index (\$ per kg) Powered by TAC data



Soft demand is keeping volumes low

A TOUGH combination of a rocky economy and reduced – albeit improving – demand took its toll on cargo volumes at major airports in August. However, Hong Kong continued to benefit from the end of pandemic restrictions on belly and freighter flights that had curtailed its operations a year earlier.

“Traffic to and from key trading regions in the Middle East,

Europe and North America saw the most significant increases,” said the Airport Authority Hong Kong in its August update.

Bellyhold stronghold Heathrow also experienced an uplift in volumes as a result of increased passenger flights.

Meanwhile, Frankfurt also saw a small increase in volumes.

Airport operator Fraport said: “This is mainly due to the

capacity-reducing measures in the air cargo traffic sector last year.

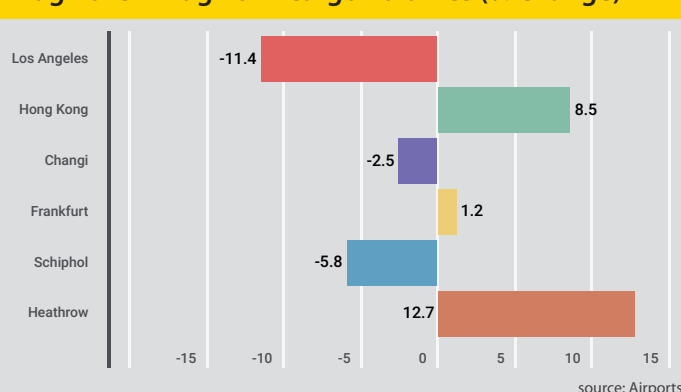
“Because several freighter airlines upheld their offered services (flights) this August, one was able to see a positive effect.”

Fraport added that the cargo tonnage on passenger aircraft flights was up because of “more passenger services (flights) being offered and no more so-called preighter flights”.

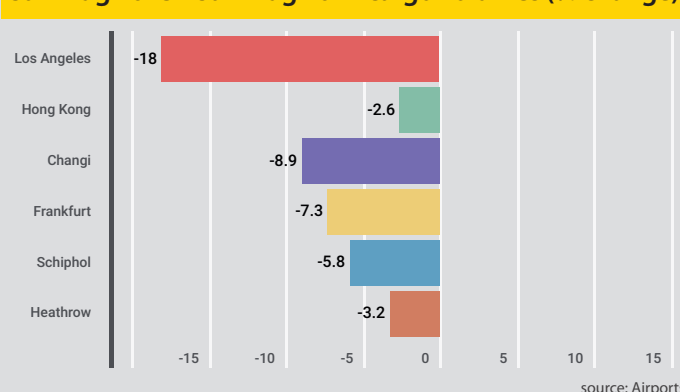
Los Angeles saw a steep drop following the surge during the pandemic, and Changi's volumes also declined on account of continued “softening demand amid inflationary pressures”.

Likewise, Schiphol continues to face a barrier to growth through slot limitations, though the airport said its volumes were aligned with “normalising cargo volumes” globally.

Aug 2023 v Aug 2022 cargo volumes (% change)



Jan-Aug 2023 v Jan-Aug 2022 cargo volumes (% change)



Capacity holds down rates

Ocean freight rates on key trade lanes have continued to ease over the past few months as capacity is added to the market and demand remains weak.

Data from rate portal Freightos shows that in the last week of September average overall ocean rates had fallen to \$1,176 per 40 ft equivalent unit (FEU) from \$4,060 a year earlier.

Prices from Asia to Europe were below \$900 per FEU despite reports of improving demand.

Carriers were, however, hoping to push prices back up and many have announced general rate increases (GRI) for November.

German carrier Hapag-Lloyd announced an ambitious price increase of \$1,750 per FEU from Asia to North Europe and \$1,950 per FEU to the Mediterranean.

The ocean liners were also cancelling sailings.

"Ocean Alliance has announced five more void plans for November, the other alliances may still announce their own void plans or even full service take-out over the rest of year," forwarder Flexport said.

Rates from Asia to North America also continued to slide and stood at \$2,249 per FEU to the east coast and \$1,500 to the west coast.

"Nonetheless, this is the only major lane with prices still above



Photo: Shutterstock / Thorsten Schier

2019 levels and that have retained some of the summer GRI-driven gains, with prices still 13% higher than in mid-July," Freightos said.

Carriers have implemented slow steaming in order to try to eat through some of the excess capacity. Research from shipbroker Clarksons shows that between January and August containerships were sailing at an average of 3% slower than they were in 2022.

Elsewhere, carriers were blanking sailings on transpacific routes in response to the lower demand.

However, there was positive news when looking ahead, with shipping association Bimco

predicting that demand would increase by 3.5-4.5% in 2024, although it has lowered previous forecasts for the year.

This year demand is expected to be flat on 2022 levels.

"For 2024, we have lowered our growth forecast for both total volumes and combined head-haul and regional trade volumes by 2.5 percentage points compared with our previous base-case scenario," Bimco said.

"Like our low-case scenario from our second quarter 2023 report, we now believe that the volume recovery in many key trades will be delayed until 2024 due to tight financial conditions for businesses and consumers."

On the supply/demand balance, the organisation said: "The fleet is expected to grow 7.9% in 2023 and 7.8% in 2024. Due to lower congestion and slower sailing speed, supply is forecast to grow 10.9% in 2023 and 2.8% in 2024.

"Recovery of growth in head-haul and regional trade volumes has been slow in 2023. We expect demand growth between 0% and 1% in 2023 and between 3.5% and 4.5% in 2024.

"Despite a slight improvement in 2024, the supply/demand balance will remain weak and freight rates, time charter rates, and second-hand ship prices will remain under pressure."

People



Atlas Air
Martin Drew
Ex-Etihad Cargo boss Martin Drew has been appointed as Atlas Air Worldwide chief strategy and transformation officer. As part of his new role, Drew is tasked with driving strategic growth and diversification across the freighter airline's services, geographic footprint and partnerships.



Swissport
Guillaume Halleux
Guillaume Halleux has joined Swissport as chief commercial officer and member of the executive leadership team. The former Qatar Airways chief cargo officer will execute Swissport's commercial agenda in developing existing and building new client relationships, and drive the acquisition of new business.



Röhlig Logistics
Marisol Henschen
Röhlig Logistics has appointed Marisol Henschen to the newly created position of global head of industry verticals. Henschen, who took up the position on September 1, holds an MBA and has previously worked for Lufthansa, forwarder DB Schenker and airline association IATA.



Network Aviation
Jonathan Clark
Jonathan Clark will take on the role of chief executive at Network Aviation Group from January 8 next year. Clark has more than 35 years of experience in the air cargo industry, having worked previously for Air Menzies International, Lufthansa Cargo, Qatar Airways, DB Schenker and Cargolux.

Airlines 2023

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