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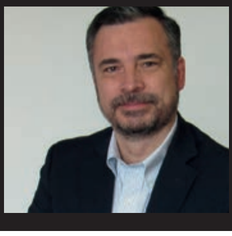

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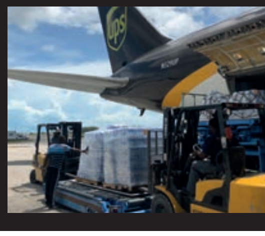

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AIRLINES

Lufthansa Cargo speeds up MD-11F retirements

Lufthansa Cargo is speeding up the retirement of its MD-11Fs after swinging to a loss in the third quarter of the year.

On the day that it announced its third-quarter results, the German airfreight giant said it had ordered two Boeing 777 freighters as part of its fleet modernisation programme, which will see it retire its remaining 10 MD-11Fs by the end of 2020.

Initially, the carrier had been expecting to have completed the retirement of its MD-11Fs by around 2024.

One MD-11F was retired in July and a further two were due to exit the fleet this year. The remaining eight will leave next year.

The B777Fs will be delivered by Boeing in 2020 and will be based at the carrier's Frankfurt hub.

Lufthansa Cargo chairman of the executive board and chief executive Peter Gerber said: "We are investing in maximum reliability and significantly lower emissions.

"The modernisation of our fleet is the biggest contribution we can make to the future in the short term. We combine responsibility for our company with corporate responsibility."

Lufthansa Cargo has ordered two more B777Fs as it retires its MD-11Fs

The airline said that the higher capacity and range of the new aircraft would allow it to achieve the same performance with fewer aircraft movements. The airline currently operates seven B777Fs, alongside its 10 MD-11Fs and has access to four B777Fs operated by joint venture AeroLogic.

The twin-engine B777F, which has a maximum capacity of 103 tonnes, is around 20% more efficient than the MD-11F, which has a 93 tonne capacity.

The aircraft order was announced on the same day that Lufthansa's logistics division reported its second quarterly loss in a row as market conditions continued to take their toll.

The logistics division, which includes Lufthansa Cargo, time:matters, Jettainer and its share of AeroLogic, saw third-quarter revenues decline by 9.2% year on year to €598m

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FREIGHTERS

Uni-Top fleet put on ice in cold market

Reports circulating in the Chinese press suggest that freighter operator Uni-Top has put its fleet into storage in the face of tough market conditions.

A report from news service Yicai suggests that the Wuhan-based carrier is seeking a restructuring and that it has also been struggling to pay its employees.

Fleet data from Cirium confirms that the airline's eight freighters — one B747-400F and seven A300-600Fs — have all been placed into storage.

The carrier had until very recently been looking to expand its services. At the start of this year it added a B747F flight to Luxembourg three times per week.

The A300Fs were utilised on regional and domestic freighter services.

The carrier had also applied to launch freighter operations to the US.

The Yicai report points to the downturn in the air cargo market as the reason behind the airline's financial difficulties.


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CONTAINER SHIPPING

VIETNAM SWITCH: Flexport has opened a new warehouse in Thu Dau Mot City, just outside of Ho Chi Minh City in Vietnam, as manufacturers switch to the Southeast Asian country to avoid the ongoing China-US trade war.

ON THE MOVE: Hubtex and Dimos have launched a new version of the X-Way Mover, which is used to transport ULDs around air cargo facilities. The new generation includes the X-Way Mover 140 and the smaller X-Way Mover 70.

FREIGHTER LEASE: Liège-based ASL Airlines Belgium has confirmed that a B747-400 freighter (OE-ILC) has been leased from China Airlines for "a number of years". It will operate on its long-haul network, "in the main between Liège and China" said a spokesperson.

SPANISH ACQUISITION: IAG has agreed to acquire another Spanish operator, Air Europa, for €1bn in cash. IAG said the agreement will transform its Madrid hub into a "true rival" to Paris, London and Frankfurt.

CARIBBEAN CHRISTMAS: Caribbean Airlines Cargo will add extra freighter services to cater for rising demand over Christmas. Between December 2 and 24, it will increase its cargo capacity by over 100% with additional flights to accommodate delivery commitments.

FREIGHTERS

CargoLogicAir halves its fleet after cuts to service

CargoLogicAir has revealed it will cut its freighter fleet in half early next year as it continues to battle "challenging market conditions".

The Stansted-hubbed airline confirmed it would reduce its Boeing 747F fleet to two aircraft from its current line-up of three B747-400Fs and one B747-8F.

The company did not specify which aircraft it would stop operating but said that it would continue to offer ACMI and charter services to "key partners and new clients".

"It's the aim to grow the business again in the future," the airline added in a statement.

The move comes just days after the carrier announced it would be reducing its scheduled services, along with partner airline AirBridgeCargo.

Air Cargo News' sister publication *DVZ* revealed that the freighter operator would cancel a total of five freighter connections from November 1. The cancelled flights involve four freighter connections ex-Frankfurt (to Chicago O'Hare, Atlanta, Chicago via Atlanta and Oslo) and one ex-Moscow-Sheremetyevo to Hong Kong.

In October, CargoLogicAir revealed that its revenues almost doubled last year but that losses deepened.

The B747 freighter operator, which was established in 2015, reported a 99% year-on-year increase in revenues for the 2018 calendar year to £213.7m, but its net loss reached £18m, compared with £2.5m in 2017, while its operating loss stood at £17.8m.

The increase in revenues was due to the expansion of its fleet – from three B747Fs by the end of 2017 to four B747Fs by the end of last year – and a consequent increase in the provision of flights and services.

Two jets will stop operating next year

Meanwhile, the company's partner airlines in the Volga Dnepr Group are also facing a tough time.

AirBridgeCargo cancelled seven services in November and has also announced a restructuring.

Reports have also circulated over recent weeks suggesting that Volga-Dnepr is struggling and is in the process of reducing staff numbers.

TERMINALS

Hactl reaches record high in throughput

In November, Hong Kong Air Cargo Terminals Limited (Hactl) handled 104 freighters in 24 hours – breaking its previous record of 102 freighters, set in November 2017.

Hactl said its new IT system and airside management app have increased efficiency and productivity.

The Hong Kong handler's chief executive, Wilson Kwong, said: "We are very proud that we have once again beaten our record for freighter handling in a single day.

"Recent new business wins, together with growth in demand ahead of Thanksgiving and Christmas, have come together to [help us] achieve this impressive result.

"But it's once again the remarkable team I am so proud to lead, which pulled out all the stops around the clock to ensure that every aircraft successfully maintained its tight turnaround schedule."

EDITOR'S COMMENT

Damian Brett

Uncertainty abounds

Well, that's another year almost over and done with... and what a roller coaster it has been.

As we headed into 2019, everyone was expecting a bit of a slowdown from the bumper years of 2017 and 2018. After all, the initial shots had been fired in the US-China trade war and IATA had predicted that growth would weaken.

But 2019 turned out to be much more difficult than expected. By the middle of the year, IATA had adjusted its forecast for 2019 from one of slight growth to an outright decline as the trade war deepened, Brexit dragged on and political uncertainty dogged several countries.

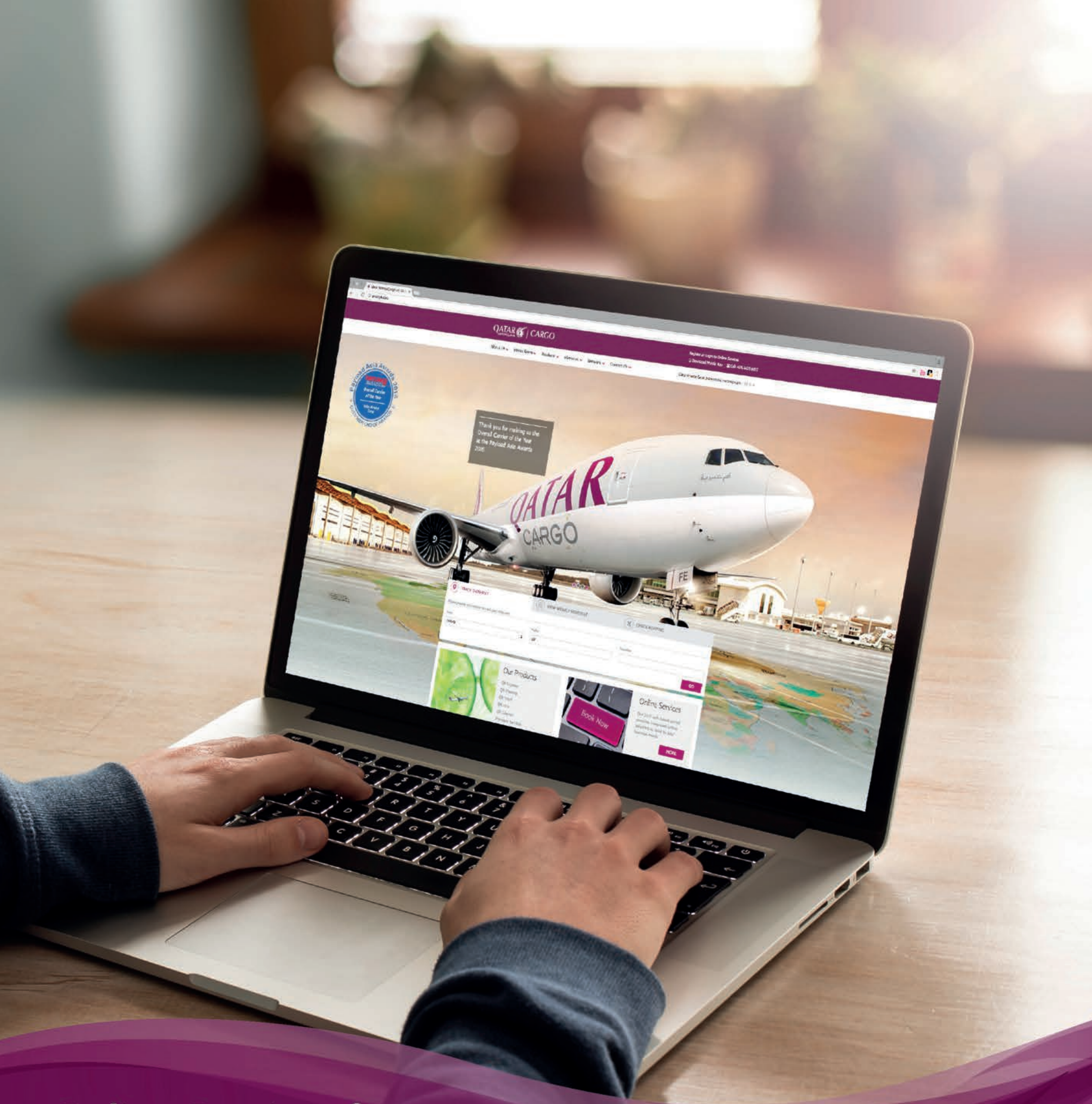
As we head towards the end of the year, there is no doubt air cargo carriers have been feeling the pinch. AirBridgeCargo and CargoLogicAir have been busy rationalising services, Volga-Dnepr has reduced its An-124 fleet, Lufthansa Cargo has sped up the retirement of its MD-11Fs after swinging to a loss in the third quarter and Chinese carrier Uni-Top has put its fleet into storage.

And the one thing we can be certain about for next year is that it will be another one of uncertainty.

It's a year of presidential elections, which tends to slow down spending in the US, Brexit continues to drag on and so do the China-US trade war and political uncertainty.

That said, there are some hopes that 2020 will be slightly better than this year. Firstly, year-on-year comparisons are always more favourable coming off the back of a year of declines and there does seem to be a slight warming of relations between China and the US.

In its latest monthly market analysis IATA also began to raise hopes of a recovery: "If the current trend is continued in the monthly outcomes, the year-on-year growth rate will return to positive territory in the early part of next year," the airline group said.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FORWARDERS

Geodis speeds up lithium battery supply to Mexico

Geodis has launched a Hong Kong-Mexico freighter service to cut delivery times and cater for lithium battery transport demand.

The company said the charter service, named AirDirect Mexico, was a "completely new, non-stop service" that would provide customers with a "highly reliable solution" and secured capacity.

It has not yet been revealed which airline will operate the flights but the forwarder said they would be carried out by B747-400ERF and MD-11F aircraft.

Eric Martin-Neuville, executive vice-president, Geodis Freight Forwarding, told *Air Cargo News* that while there were existing services between Hong Kong and Guadalajara, they tended to be fed through the US border, which had an impact on reliability and resulted in an extended transit time.

"In addition, capacity to carry hazardous goods in safe conditions on the route is severely limited," Martin-Neuville added.

Three flights a week are envisaged

"We have therefore been encouraged to initiate a service offering that bridges both the capacity gap in general and the need for the safe carriage of lithium batteries," he continued.

Martin-Neuville explained that the service would cater for a range of customers, rather than being limited to any specific customer type.

"The original target customer base was the electronic manufacturing sector heavily concentrated in Jalisco State, in which Guadalajara is located," he stated.

"Still the bulk of our cargo is currently electronic parts and components. We are, however, expanding the service for the use of clients in diverse industries from industrial equipment to sports equipment and apparel."

Other target sectors on the eastbound leg include finished goods, mobile phones and automotive.

The return leg will target perishables, some finished goods and other ad hoc requirements.

Martin-Neuville said the company had been encouraged by the initial bookings that it had received for the inaugural flight and expected demand to rise to a threshold volume where a second and eventually third flight per week could be added.

Hong Kong is Geodis' hub for China and Southeast Asia-originated cargo.

EXPRESS

Flexport to partner with SF Express

Freight forwarder Flexport is partnering with China-based logistics firm SF Express to offer a one-stop shop for freight services, including air cargo.

Flexport and SF Express will connect data and platforms to provide "smarter and more advanced logistics services" to address the specific needs of Chinese companies.

"We have been increasing our investment in technology and are committed to continuously enhancing the user experience," said Henry Ko, managing director of Flexport Asia.

"Our collaboration with SF Express will enable us to further improve end-to-end services and operational capabilities, helping us to elevate the user experience to the next level, both within and outside of China."

Flexport said in a statement that its destination capabilities — in particular, US and European Union customs clearance and last-mile delivery — will be "especially valuable" for Chinese companies seeking to expand their business overseas.

PUTZGER PERSPECTIVE

Ian Putzger

Mexican muddle has left cargo planning in limbo

A year ago the outlook for a new gateway to the Mexican capital took an abrupt turn after a popular vote allowed the incoming government to ditch the new airport that was supposed to replace Mexico City's chronically congested Benito Juarez (MEX), even though work on the $13bn project was well advanced.

The decision was made to instead expand MEX, as well as Toluca airport and the Santa Lucia air force base.

A year later it is still unclear how the respective roles of the airport trio will pan out, which is holding back investment decisions for much needed infrastructure development.

From time to time government officials and other people involved in the project have bandied about different scenarios, adding to the confusion.

For now everybody just sits tight and muddles through.

Even if they wanted to move over to Santa Lucia, which is closer to the industrial areas to the north, their hands are tied as long as no clear verdict has been delivered on how traffic will be split between the three.

For Lufthansa, much is at stake as it runs both passenger and freighter flights to MEX. It could face a split operation if either Toluca or Santa Lucia were to be designated the airport for freighters.

Moreover, Lufthansa has invested in its cargo facility at MEX, beefing up its cool chain capability, so it is understandably reluctant to move from its current spot.

Debates about shifting freighter traffic away from major gateways are nothing new. Los Angeles World Airports tried for years to make cargo carriers shift from LAX to Ontario airport and even got EVA Air to sign a preliminary deal to run a cargo flight there, but the carrier's freighters continue to serve LAX today.

Elsewhere, the Port Authority of New York & New Jersey has tried to move freighters from JFK to Stewart airport, 60 miles north of the city.

It scored a minor triumph this year when Kalitta Air started flights to Stewart, but no major international carrier has shown interest.

Still, the pressure is mounting, as the slot constraints at Amsterdam Schiphol have illustrated in a dramatic fashion.

LAX continues to test the patience of its cargo clientele.

'It is **still unclear** how the respective roles of the **airport trio** will pan out, holding back **investment**'
Ian Putzger

A plan for a sorely needed new cargo terminal has been pushed back by at least two years — while work on the expansion and modernisation of the airport's passenger facilities continues at full throttle.

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ABU DHABI UPGRADE
Abu Dhabi Airports and Etihad Cargo will upgrade cargo infrastructure at the Middle Eastern hub. Improvements will include enhanced loading docks with levellers, and insulation and floor works for faster and more efficient loading with stricter temperature controls.

BRUSSELS FREIGHTER
Chengdu-headquartered Sichuan Airlines has started a twice-a-week direct freighter service into Brussels, with ATC Aviation Services appointed as its GSSA in Europe.

DIGITAL PUSH
SAS Cargo and WebCargo by Freightos have announced a partnership that will see the airline's capacity added to the online platform, offering users a fully digital e-booking option with dynamic rates.

TURKISH GETS TAPA
Turkish Cargo's facilities in Istanbul have been certified to Transported Asset Protection Association (TAPA) standards. The airline said it had achieved the Group A TAPA certificate at both Istanbul and Atatürk Airports.

COLOGNE EXPANSION
DHL Express has opened a new, emissions-free logistics centre at Cologne-Bonn Airport. The new hub, which cost €123m and took two years to build, covers an area of 15,000 sq m and features state-of-the-art, environmentally-friendly technologies that enable it to operate without producing emissions.

RACING START
Saudia Cargo successfully transported 67 electric race cars for the World Championship Formula-E event, which took place on November 22-23 at the Historical Diriyah in Saudi Arabia. The airline carried the vehicles, which collectively weigh 375 tonnes, in four shipments.

FORWARDERS

Kerry Logistics buys ASAV

Kerry Logistics has purchased a majority interest in Turkish freight forwarder Asav Lojistik Hizmetleri Anonim Sirketi (ASAV).

The forwarder said in a statement that the move would "further the expansion of its global network and strengthen its international freight forwarding capabilities".

"Building upon ASAV's competitive advantages of established operations and a diversified mix of domestic and international customers, the acquisition will help Kerry Logistics to gain a major foothold in Turkey and further consolidate its network and capabilities in the region," it noted.

ASAV was established in 1994. According to IATA rankings, it was Turkey's biggest air cargo agent by tonnage flown in both 2017 and 2018. It also offers ocean and road freight shipping services.

ASAV has seven offices in Turkey: five in Istanbul, one in Bursa and one in Izmir, as well as one in Amsterdam.

It runs a warehouse of 452,000 sq ft in Istanbul, offering bonded and non-bonded storage, and a bonded warehouse of 21,500 sq ft in Amsterdam.

ASAV's operations include warehouses in Istanbul and Amsterdam

Mathieu Biron, managing director — global freight forwarding at Kerry Logistics, said ASAV has a "young, dynamic and highly professional team".

He added that acquiring the majority interest in the company will enable Kerry to "tap into the business potential of a promising market and create greater synergy with the diverse mix of customers it brings.

"The partnership is poised to significantly boost our IFF [international freight forwarding] capabilities in Turkey and enrich our resources in the Europe-Asia freight route, instrumental in helping us to further expand our IFF business worldwide," he added.

Melek Karabacak, vice-chairperson of ASAV, commented: "For the past 25 years, ASAV has built a solid foundation and a rich customer portfolio in Turkey and the region."

He said that joining Kerry Logistics will allow ASAV to combine its local and regional expertise with Kerry's "global network and extensive service offerings to support our ongoing development and provide a broader range of innovative solutions to our existing and future customers".

LOGISTICS

Talks to continue over DSV redundancies

DSV Panalpina is continuing negotiations with the employees that will lose their jobs as a result of it relocating its headquarters from Basel to Copenhagen.

The company said that while its intent and hope were to arrive at a mutually-agreed social plan within the announced timeline, unfortunately, the parties have not been able to reach an agreement.

While talks continue, the forwarder has decided to offer a voluntary package to all Panalpina head office employees in Basel affected by the announced redundancies to take place during the fourth quarter of 2019 and the first half on 2020.

"During the last two weeks, however, negotiations have resulted in a better understanding of expectations on both sides, and, as a result, significant improvements have been made to DSV Panalpina's original proposal," the company said in a mid-November update.

"The company is still in dialogue with employee representatives and continues negotiations. If, ultimately, negotiations remain unsuccessful, the next step is arbitration, which means an additional long period of uncertainty."

The move of headquarters follows DSV's takeover of Panalpina earlier this year. In October, the company warned that the relocation could result in the loss of up to 165 jobs, despite its intention to expand its logistical footprint in the Basel area.

In the meantime, the company said it would voluntarily implement the measures proposed in the latest offer, including career coaching, workshops, a career centre, counselling and referral to key staffing companies.

In addition, DSV Panalpina said it is prepared to grant various benefits that support the vulnerable employee group. This includes severance pay of two to six months, financial support for early retirement, additional consideration in hardship cases and placing redundant employees on garden leave.

DSV Panalpina expects to retain approximately 50% of Panalpina's current head office workforce following completion of the restructuring by the end of the second quarter of 2020.

AIRLINES

➜ continues from page 1
while earnings before interest and tax (ebit) fell to a loss of €49m compared with a €33m profit last year.

Despite this, cargo traffic for the period was up by 1.1% to 2.2bn RTK as the airline began selling bellyhold capacity on Brussels Airlines' aircraft. The cargo load factor fell by 4.6 percentage points on last year to 58.8%. It is the second quarter in a row in which the division has reported an operating loss — during April-June, it lost €10m.

The carrier said that results were affected by weaker pricing and demand, particularly in the Asia Pacific region, and higher costs as it took over the marketing of Brussels Airlines' belly space and higher depreciation due to the investment in new freighters.

"[A] cost-cutting programme is being implemented consistently and extended; fleet modernisation will bring further medium and long-term improvements to cost structures," the company said in its third-quarter report. The carrier is also modernising ground infrastructure in Frankfurt and has increased automation of sales and production.

AIRLINES

Digital development

Etihad Cargo's decision to sign up to the cargo.one booking platform is the latest step in its journey towards a digital future, as Damian Brett discovers

Etihad Cargo has continued to digitise its offering by becoming the latest carrier to sign up to the cargo.one booking platform.

From late November, freight forwarders will be able to instantly book cargo space on Etihad's aircraft through the digital platform.

Etihad Aviation Group's managing director cargo and logistics services Abdulla Mohamed Shadid told *Air Cargo News* this is the latest step in the cargo carrier's digital development, which it started just over one year ago when it went live with the IBS iCargo system.

"As we have navigated the last 12 months, the journey has been quite remarkable and our customers' keenness to move to online booking has been beyond our expectations," he said.

"Today, about 38% of bookings are coming through our online portal and that number continues to increase – it shows the cargo industry's hunger and drive to adopt digital technologies that I think have been historically lagging in the sector."

Etihad Aviation Group's Abdulla Mohamed Shadid and booking platform cargo.one's Moritz Claussen

Shadid added that putting capacity on cargo.one would provide existing customers with more booking options, but could also help win new customers in markets it hasn't tapped into in the past.

Moritz Claussen, managing director of cargo.one, added that implementation work had started in September and had taken around six weeks to complete, helped by the fact that cargo.one has worked with other airlines on the IBS iCargo system.

Abu Dhabi connections

Claussen added that Etihad Cargo is not the first Middle East-based carrier to put its capacity on cargo.one, but the addition will help expand the number of origins and destinations that forwarders using the platform are able to access because of the number of connection the airline offers from Abu Dhabi.

"In total we are adding 30-35 additional destinations around the world with Etihad Cargo joining," said Claussen.

"So, we are gaining quite a lot out of the addition of Etihad Cargo's network and we will be able to offer a lot more to forwarders using cargo.one."

In total, cargo.one now has eight airlines signed up to the portal — it also recently announced Nippon Cargo Airlines — as well as 320 freight forwarder companies, although they often have many branch offices making bookings.

Claussen added that the number of users on cargo.one has been growing on average by 20% each month and volumes are up significantly, despite the market downturn.

Looking to why digital services are quickly growing, Shadid said it is part of the industry's drive to improve the ease of doing business.

"Historically the industry relied on email exchanges and telephone calls and that provided very little visibility for a forwarder into available capacity and available pricing in the marketplace.

"Maybe 70% of the industry probably still operates like this today, but these digital systems allow forwarders to speed up the access to information — visibility on capacity, routing and prices — and at the click of button have your transaction and shipment confirmed on a flight."

Human element

He added that this does not mean the elimination of the human element of the air cargo business. Instead, it will allow companies to focus on customer engagement at a strategic level, rather than on a transactional basis.

Claussen added: "The air cargo industry spends a lot of time and resource facilitating transactions, which yield very little advantage to either party. Taking those resources and freeing them up to be able to actually do what the customer wants us to do and to have a great experience is exactly what we are trying to do here.

"There is also a smaller point to that – people are now used to doing things digitally, so there is no reason why, as soon as a freight forwarder enters the office, they go back 25 years in time and everything revolves around paper, emails and phone calls."

Looking to the future, Shadid said that Etihad Cargo has plans to continue its digital drive and added that is has an "ambitious investment programme over the next 24 months".

He said: "Our new technology platform gives us the ability to rapidly build API connectivity to seamlessly link with other platforms, so I think cargo.one will be the first non-Etihad Cargo platform that we will link with but there will be a couple of others that will follow suit."

The ability to connect via APIs also means Etihad Cargo can build direct links with customers' systems, while dynamic pricing and quote-to-book modules are also on the horizon.

"This is part of a wider strategy of taking our customers from the transactional era and moving them to the experience era with Etihad Cargo," Shadid said.

"That means not only will we continue to invest in an upgraded EtihadCargo.com, in addition to the API connections with cargo.one and others, but we will also extend that digitalisation to other areas of the business, such as our cargo terminal operations and handling businesses."

SHIPPERS

VIP panda delivered by FedEx

FedEx has flown a four-year-old male panda, Bei Bei, from Washington DC to Chengdu, China.

Accompanied by one panda keeper and one veterinarian, Bei Bei was placed in a special crate, provided by FedEx, and travelled onboard a FedEx Express B777 freighter nonstop flight.

Bei Bei was given his favourite treats throughout the journey, including 66 pounds of bamboo, two pounds of apples and pears, two bags of leafeater biscuits and two pounds of cooked sweet potatoes.

Upon arrival, Bei Bei's new keepers from the China Conservation and Research Center for the Giant Panda drove him to the Bifengxia Panda Base for a 30-day quarantine period. The Smithsonian's National Zoo's keeper will remain with Bei Bei for a short time while he gets used to his new home in China.

FedEx Express also gave logistical support in Washington DC to move Bei Bei from the zoo to the airport.

AIRLINES

Virgin increases capacity on transatlantic trade

Virgin Atlantic has launched its all-new A350-1000s on the transatlantic trade, increasing average cargo capacity on each flight to 27 tonnes.

The airline said that its new Airbus A350-1000s, which are operating on a Heathrow to JFK connection, are carrying record loads.

Although the amount of cargo that can be carried on each flight depends on various operating conditions including the number of passengers carried, the average of 27 tonnes was quickly exceeded.

An A350-1000 on the route carried an initial record load of 36.7 tonnes — and this figure was quickly surpassed a few days later by an aircraft with a payload of 41.2 tonnes.

Virgin Atlantic has so far taken delivery of three A350-1000s as part of a $4.4bn order for 12 of the aircraft.

A fourth A350-1000 is to join the fleet in December, followed by phased deliveries of the balance of the order in 2020 and 2021.

Dominic Kennedy

Dominic Kennedy, managing director of Virgin Atlantic Cargo, observed: "The A350-1000 is already more than living up to this expectation and is going to be a fantastic asset for us and our customers on our busiest transatlantic route, especially when we see higher cargo volumes and more demand returning to the market, as well as on other prime cargo routes in our network from summer 2020."

Virgin Atlantic expects to deploy A350-1000s on the Los Angeles and Johannesburg connections from next summer.

As part of the airline's summer 2020 flying programme, it will also operate routes to San Francisco and Lagos, Nigeria.

Virgin Atlantic's fleet transformation programme anticipates all of the carrier's aircraft being replaced over a 10-year period.

Supporting this programme, in addition to the A350 acquisitions, in June the airline announced an order for 14 A330-900neos, with a potential six more. Deliveries will begin in 2021.

Earlier in November, Virgin Atlantic announced its summer 2020 schedule, which will give cargo customers more capacity on routes to India, Africa and the US.

SHIPPER SPOTLIGHT

Alex Veitch

Is Brexit causing the EU airfreight slump?

In September 2019, IATA released figures demonstrating that industry-wide freight volumes have declined by 4.5% year on year. Painful reading for the UK logistics sector, it also marked the 11th consecutive month of decline in airfreight traffic, with Africa revealed as the only region to report an increase in cargo volumes.

While there are several possible reasons for this continuous decline, the ongoing trade dispute between China and the US is a key factor from a global perspective.

But Europe is a cloudier issue; its airline volumes were down 3.3% year on year, leading IATA to suggest that uncertainty surrounding Brexit has heavily impacted volumes in this region.

According to government statistics, exports were down 3.9% year on year in September 2019, but imports were up 21% over the same period. Interestingly, non-EU imports had the highest variance over the 12-month period, up fully by 36%.

Insights from business surveys and feedback from our members have indicated a certain amount of pent-up demand and supply chain delay, as companies wait to see what the political outcome of Brexit will be.

> 'In early 2020, we sincerely hope that the **long-term flightpath** to a **deal is agreed**, and that this '**Brexit bounce**' helps this key sector return to growth'
>
> Alex Veitch, FTA

Interestingly, there has been a measurable modal switch in maritime, with a 9% decrease in ferry (ro-ro) traffic between the UK and France since 2016 — the year of the EU referendum — and a rise in unaccompanied trailers and containers. This has many causes additional to Brexit, but it is a notable trend nonetheless.

In the view of FTA, we have not yet seen clear evidence that Brexit is the chief contributor to the performance of air cargo in Europe, although it may well be the case that continued uncertainty is indeed damaging growth prospects in this sector.

In early 2020, we sincerely hope that the long-term flightpath to a deal is agreed, and that this 'Brexit bounce' helps this key sector return to growth.

Efficient logistics is vital to keep Britain trading, directly having an impact on more than 7m people employed in the making, selling and moving of goods.

With Brexit, new technology and other disruptive forces driving change in the way goods move across borders and through the supply chain, logistics has never been more important to UK plc.

Alex Veitch, head of multimodal policy, FTA

DHL delivers improved results as volume slides

The logistics giant has recorded increases in its revenues and operating profits, though airfreight numbers tracked the market downwards. Rachelle Harry reports

DHL's new, emissions-free hub at Cologne-Bonn Airport in Germany

Deutsche Post DHL's Global Forwarding, Freight division saw revenues and operating profits increase in the third quarter, despite a decline in airfreight volumes.

The forwarder reported a 0.9% year-on-year increase in revenues to €3.7bn and earnings before interest and tax (ebit) improved by 17% to €124m.

Looking at the division's airfreight business, volumes for the third quarter were down by 5.1% year on year to 502,000 tonnes. Revenues slipped by 4.7% to €1.1bn and gross profit climbed 2.1% to €238m.

According to the report, currency gains contributed to revenue growth, which increased by 2.7%, from €10.9bn up to €11.3bn between January and September this year. Removing the effect of currency, amounting to a gain of €97m, revenues for the first nine of months of 2019 were up by 1.8% year on year.

For the first three quarters, overall market volumes on key trade routes were down and this in turn affected airfreight volumes, which declined by 5.3% year on year.

Although revenues from airfreight decreased by 1.3%, gross profit increased by 3.7%.

Similarly, looking at the third quarter of the year, airfreight revenues fell by 4.7%, but gross profit improved by 2.1%, despite a volume decline of 6.2%.

Market down

The fall in volumes mirrors current market conditions, although the company performed better than rival Kuehne+Nagel, which reported a 7.5% decline.

DHL said that the volume decline is a result of a "subdued market environment reflecting general macro and trade worries".

"As in the second quarter, the global airfreight market remained weak," the company said. "Global Forwarding, Freight nonetheless succeeded in markedly improving profitability, thanks to the consistent implementation of cost-efficiency measures."

The improved profitability would also have been helped by the usual lag when it comes to carrier rate decreases making it through to the customer.

Explaining how DHL intends to keep its Global Forwarding, Freight division ahead of the game amid the uncertain market, chief financial officer Melanie Kreis, commented: "Of course, the prime focus is on making sure that we don't add costs. That is what the team has been doing successfully in 2019 and, if required, will continue doing so."

Remaining positive about the Global Forwarding, Freight division, Kreis added: "I think the good news here is that, for both air and ocean, we are developing in-line with the market [performance], which was one of the aspirations we had for the division for this year."


Appel is expecting to see a strong performance in the fourth quarter

Driven by the booming e-commerce market, Deutsche Post DHL Group's highest-revenue divisions for the third quarter of this year, were: Express, up 8.7% from €3.9bn in 2018 to €4.2bn; and the Post & Parcel Germany division, which reported a revenue increase of 5.5% to €3.7bn.

Yield management

In the Express division, volumes per day for international time-sensitive deliveries rose by 5.9%, compared with the same period last year. This increase, paired with yield management, led to an increase in the division's operating profit of 11%, up to €454m in the third quarter.

The Express division also brought two more B777Fs (of 14 ordered aircraft) into service in the third quarter.

Meanwhile, the wider Deutsche Post DHL Group business saw third-quarter revenues increase by 4.7% on last year to €15.6bn, while ebit reached €942m from €376m last year, with 2018's figure being affected by nonrecurring expenses of €392m at Post & Parcel Germany.

Frank Appel, chief executive of Deutsche Post DHL Group, said: "We had a very good third quarter. All five divisions performed well, despite the challenging global economic environment.

"Thanks to our broad portfolio and the market-leading position of our divisions, we are growing even in uncertain times. For the fourth quarter, we anticipate a traditionally strong holiday season."

Commenting on its collective Deutsche Post DHL Group results, DHL said: "Our third quarter marked good progress towards our full-year goals as well as our longer-term ambitions.

"While general market circumstances still show unusually high levels of uncertainty, we can support our performance by multiple self-help measures on pricing and costs.

"We therefore remain well on track for significant ebit and cashflow improvements."

For the current financial year, Deutsche Post DHL Group expects to increase its operating profit to between €4bn and €4.3bn.

Last month, Deutsche Post DHL Group launched its Strategy 2025, an initiative that focuses on the company's digitalisation and sustainability efforts to drive and support the e-commerce market.

As part of the strategy, DHL Express hosted the official opening of its new, pioneering, emissions-free logistics centre at Cologne-Bonn Airport in Germany. acn

Data drive

Speakers at the WeCargo conference at Belgium's Liège Airport emphasised the importance of the customer experience — and sharing data, reports Damian Brett

© Julien Mahiels

The air cargo market continues its drive towards a digital future, but this should not come at the expense of the value added by humans, nor diminish the customer experience, according to speakers at the first edition of the WeCargo conference at Belgium's Liège Airport.

Guillaume Halleux, chief officer cargo at Qatar Airways, told delegates that the air cargo industry must continue its push into digitalisation.

He said that there has been minimal change in the industry over the last 20 years – it still relies on paper, emails and the telephone – because of industry fragmentation and its reliance on opacity of the services it provides.

Natural resistance

These two elements had combined to "create a natural resistance to digitalisation".

However, he added that "now there is momentum like never before" and that there are many emerging players offering digital solutions.

Emerging technologies identified by Halleux that will push the industry forward include: dynamic pricing; predictive analytics and algorithms that improve planning; low-energy Bluetooth devices to enhance tracking; and shipment scanners that help boost aircraft utilisation.

However, Halleux also had a stark warning for the industry, saying it should not forget the value added by humans.

"The risk is that we become robotic," he said. "[As it is] there are limited differentiators in air cargo."

He explained that the aircraft, networks, transit times, schedules and products offered by the main players are all quite similar.

"The only way you make a difference is with your people – it is how customer-centric you are, it is how you behave, it is your flexibility, it is your agility, it is how strongly you listen to the voice of your customer instead of forcing your own internal policies on them.

"For Qatar Airways, that is the biggest risk. If we lose that, we lose our edge. We have become the biggest because of that and I will make sure that we will not end up in a world where our customers interact with us through APIs only and we lose the human touch, because then at that moment we have become a commodity.

"This is the risk I see, but it is totally manageable because the page is blank, and it is for us to write it."

Halleux's views were later echoed by Moritz Claussen, managing director of e-freight platform cargo.one, who emphasised the importance of the customer experience.

Claussen pointed to a study by PriceWaterhouseCoopers that showed 73% of people say customer experience is an important factor in their purchasing decisions.

The study also revealed that people value efficiency, convenience and friendly service most in their customer experience.

"I want to encourage everyone in the airfreight industry to think about customer experience," Claussen said.

"Enabling customers to have a better experience will help us move forward to flourish and become more successful as an industry as a whole."

Slow progress

The topic of the slow progress of digitalisation in airfreight also came up in a panel discussion on data.

The panellists highlighted the importance of sharing data across the supply chain.

However, some players in the industry are unwilling to share their data with others and this is holding back progress.

Brussels Airport cargo business development manager Sara van Gelder highlighted how the airport had managed to convince companies to take part in projects that require them to share data.

"We brought all our stakeholders around a table and told them that if they want to optimise their operations and take away the pain of waiting times, handling customer complaints via telephone, then we can help you, but we need you to share your data…

"We help them take the first steps and share a vision of digitalisation and innovation and also stimulate them in taking the next steps."

Concluding the day was Steven Verhasselt, vice-president commercial at Liège Airport (pictured).

"Are we standing still? No we are not," he said. "We have come a long way, but we need to go a lot further because there are still some bottlenecks.

"We are still reacting to what is coming to us, rather than preparing for what will be coming, because we still do not know what we should be preparing for.

"In regards to the digital flows, the issue is fragmentation and the protection of data because we want no one else to know.

"I believe that automated solutions are the future, not because I don't want people to work on the airport, but I want people to do smart things and I want the machines and robots to do the repetitive boring jobs that don't add any value.

"I also believe the cargo flow of the future can be organised a lot better and in order to steer all of that and make all that happen, we need the data."

Back to the FREIGHTER

Avianca Cargo general director Kurt Schosinsky's career background gives him an insight into the customers' point of view. Damian Brett reports

> 'Volumes are doing well for us because our **value proposition** is that we **connect Latin America** like no one else, we are a **regular line**, we are a **scheduled line**, and we provide a very good **on-time performance**'
>
> Kurt Schosinsky, Avianca Cargo

It is 25 years since Avianca Cargo general director Kurt Schosinsky first sold space on an aircraft, when he worked as an airfreight sales rep for DHL Global Forwarding — a company he worked at until earlier this year.

In the intervening years Schosinsky held several positions at the forwarding giant, including country manager for Colombia, Panama and the Caribbean, and managing director in Latin America for warehousing and distribution.

He took up his current position at Avianca Cargo in February.

Schosinsky says that his background in forwarding gives him the advantage of understanding the market from the customers' point of view.

"I have returned to airfreight, but from another perspective," he tells *Air Cargo News*. "From my point of view, it is interesting because I understand very well what the customer of the airline needs and how we can improve the service and value proposition."

Schosinsky joins Avianca Cargo at an interesting time — IATA statistics show that the Latin America region is one of only two to post a year-on-year demand increase over the first eight months of the year.

IATA stats show that cargo volumes at the region's carriers are up by 1.2% during the January-August period, while the total market is down by 3.3%. The only other region to record growth is Africa.

However, this only tells half the story. Many countries in the region face ongoing political and economic uncertainty — even the normally stable Chile has seen protesters take to the streets of the capital this year to vent their frustration at inequality and the increased cost of living.

Also, Schosinsky says that the weak cargo market in other areas of the world has resulted in airlines moving capacity to the region to capitalise on the growth. This has led to lower cargo load factors at carriers across the region and has therefore put pressure on rates and revenues.

This trend is again reflected in IATA's August figures: cargo capacity at airlines based in the region over the first eight months of the year has increased by 7%, while the average cargo load factor for the period is down by 2.5 percentage points to 35%.

"Due to the coverage and solutions that we provide to our customers, our volumes have increased a little bit, which means that we are not suffering this year in terms of demand," he says.

"However, in terms of rates there is a little pressure because the number of airlines and [capacity] has grown as carriers have increased their presence in the region to try to recover volumes that they have lost in other markets."

This claim is borne out by Avianca's second-quarter performance — the 'cargo and other' business saw revenues for the period decrease by 11.8% to $182m, although other one-off factors played a major role in the revenue decrease.

Meanwhile, volumes for the period are stable compared with its 2018 performance.

Service focus

The airline has been busy developing services targeting specific sectors, such as perishables and pharmaceuticals, and that has helped protect Avianca Cargo from the effect of lower load factors.

"Volumes are doing well for us because our value proposition is that we connect Latin America like no one else, we are a regular line, we are a scheduled line, and we provide a very good on-time performance," Schosinsky says.

"Our customers, for example, from the perishable sector, prefer this regular service to having lower rates because I understand they have had some issues when they have tried to experiment with other airlines. This is one of our key assets and strengths: consistency, on-time performance and a good service at origin and destination."

On the pharma front, Avianca Cargo last year launched a three-tiered product offering: PharmaCare, PharmaCoolCare and Pharma Must-Go.

PharmaCare is designed to transport pharmaceuticals that require passive packaging to maintain their temperature and it has specific procedures in line with IATA's Temperature Control Regulations.

PharmaCoolCare also conforms to IATA regulations and is aimed at time and temperature sensitive pharmaceuticals that require transportation in active containers.

Finally, Pharma Must-Go is designed to transport pharmaceuticals that do not require temperature control but need to reach their final destination in the shortest time possible.

The carrier is also investing in its cool room facilities in Miami, Bogota and Medellin, Schosinsky says.

Other sectors the carrier is targeting include e-commerce, high value and live animals — Avianca Cargo recently moved close to 200 horses for the Pan American Games in Lima.

Schosinsky says that its e-commerce services are helped by its wide network in Latin America. Also, last-mile delivery firm Deprisa is part of the Avianca group.

E-commerce volumes, says Schosinsky, have the benefit of helping to improve southbound aircraft load factors, which is the weaker of the two directions.

"In terms of [e-commerce] solutions and developments, with our sister company Deprisa, we are investing in IT tools to provide real-time visibility to customers in terms of track and trace and the status of shipments," he says.

"This information is key to the customers, so we are investing in tools to integrate not only the first mile, not only the airport-to-airport, but the last mile as well."

Another area of development at the airline over the last couple of years has been its freighter network.

Earlier this year the carrier ended a four-year partnership with Etihad on flights to Europe as it decided to go it alone with a service between Bogotá and Brussels, via Miami.

Avianca Cargo feeds in perishable volumes from Peru and Ecuador to fill the aircraft.

The location of Brussels makes it easy to connect cargo to the flower auction in Amsterdam, the main ➜

'The new approach is to focus on profitable routes and on profitability in general rather than growth'

Kurt Schosinsky, Avianca Cargo

'I feel very passionate and I love the airfreight industry'

Kurt Schosinsky, Avianca Cargo

FACT FILE

- This year Avianca Cargo has launched three new freighter routes, connecting Bogotá with San Juan, Brussels, Miami, Santo Domingo and Dallas.
- A sister company of Avianca Cargo is Colombia-headquartered last-mile delivery firm Deprisa.
- Earlier this year, the airline transported close to 200 horses to Lima in Peru for the Pan American Games, which incorporates a wide range of sports.
- Prior to taking up the role of Avianca Cargo general director, Kurt Schosinsky worked for DHL Global Forwarding for around 25 years in a variety of positions.
- The airline has access to 13 freighters, including its own six A330-200Fs.

operation and consolidation centre in the continent for the flower industry.

In the other direction, exports include general cargo, automotive parts and pharmaceuticals.

Today, the service operates twice per week on a rotation of Bogotá-San Juan-Brussels-Miami-Bogotá.

Schosinsky explains the reasons for adding a stop in Puerto Rico: "The pharma industry out of San Juan is very interesting. The change allows us to send products to Brussels, which is a pharma logistics centre in Europe."

This is not the only change the carrier has made to its freighter network this year.

In July, Avianca Cargo added a twice-per-week service operating Miami-Santo Domingo-Bogotá and in October it started flying twice per week Bogotá-Dallas Fort Worth.

The service to the Dominican Republic was launched after a passenger operation to the country came to an end while there were a number of reasons for adding A330-200F flights to Dallas.

Schosinsky says: "Normally when you think of Dallas, you think of oil and gas and this is one of the sectors we are trying to support — Colombia, Ecuador and the south of Chile have companies in the oil and gas, and mining industries.

"In the northbound direction we connect the Latin American perishable business with another point in the US.

"Also, our services and the interline agreements we have from the US give us the opportunity to provide additional solutions to send products to Asia, for example, using Dallas.

"It gives us the opportunity to provide additional solutions to the customers not only through Miami — a normal entry and exit point out of the US for Latin America — but also Dallas."

To Asia, the airline mainly interlines with partners Qatar, Japan Airlines and China Airlines, Schosinsky says.

The northbound flights are expected to carry perishable cargo such as salmon and red fruits from Chile, flowers from Colombia, asparagus and mangoes from Peru and flowers and fruits from Ecuador.

Freighter fleet

In total, Avianca Cargo has access to 13 freighters: its own six A330-200Fs and seven operated by partner AeroUnion — five A300Fs and two B767Fs.

"In terms of new freighters, in the coming months we will keep our fleet stable because the market conditions are not the best at the moment," he says.

"We have decided to delay making any decisions for the next six months and see how the market progresses."

This is a reflection of the strategy of the wider Avianca group, which is having a tough time financially.

"The company has decided to change the business model a little bit," Schosinsky says. "The new approach is to focus on profitable routes and on profitability in general rather than growth."

During the second quarter, Avianca Holdings reported an adjusted loss of $122.5m. In response, the company has implemented its Avianca 2021 plan to improve operational efficiency, strengthen the company's financial position and improve liquidity.

In line with the plan, Avianca's management took the decision to sell 24 aircraft: 10 Embraer E190s, 10 A318s and four A320s.

Schosinsky says that this change in approach has seen the passenger side of the business reduce services to certain locations. For instance, Avianca Peru has pulled out of most domestic markets. However, the impact on cargo operations has been limited.

"In terms of the cargo perspective, the tonnage we use in these aircraft is limited and it did not really impact our connectivity or capacity.

"The widebody capacity remains stable and in some lanes we are creating additional frequencies, for example New York and an [unnamed] European destination will increase with one additional flight."

While the partnership with Etihad has come to an end, a new tie-up with Emirates SkyCargo was announced earlier this year.

Schosinsky explains that the Emirates partnership utilised a B777F to fly shipments from Bogotá to Maastricht during the perishables peak season.

"Between January and April we used the Emirates' flight to support the additional volumes that we could not support with our own aircraft," he says.

Conversations with Emirates about running a similar operation next year are ongoing, he adds.

Overall, Schosinsky says has enjoyed his move from freight forwarding to a cargo airline.

"I made a decision [to leave DHL after almost 25 years] and I am very happy," he says.

"I feel very passionate and I love the airfreight industry. DHL is one of the largest freight forwarders in the airfreight industry and at Avianca I am at the airline leader in the Latin America market." acn

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COMMENT

Well, it's finally been launched — a freighter conversion programme for the Boeing 777-300.

The launch of the new programme by Israel Aerospace Industries (IAI) in conjunction with lessor GECAS should not come as too much of a surprise as the conversion company has been talking up the possibility of offering the option for years.

However, the timing needed to be right and now seems as good an opportunity as any. The converted aircraft will be longer than the production B777-200 production freighter with a similar payload, making it ideal for the fast-growing e-commerce market. Meanwhile, airlines are looking for an alternative to replace older B747-400Fs and MD-11Fs. It also offers operational and cost-saving advantages over the B747-8F, IAI claims, which should appeal to cost conscious airlines. You can read more about the conversion programme on page 11.

Elsewhere in this issue of *Freighters World*, Volga-Dnepr has announced an upgrade to its An-124 freighters to increase capacity (page 4) but this comes as it looks to reduce the number of aircraft it operates and make job cuts in difficult market conditions.

The move to put some aircraft into storage seems like a sensible one given the current market.

On the peak season, contacts have said that there was a bump in demand at the start of November but this slowed as the month progressed. Many were quick to point out, however, that this is much more in line with how the pre-Christmas rush has progressed over recent years. They say that the demand growth experienced in 2017 and 2018 was actually the anomaly and this year's peak is a return to normal service.

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Volga-Dnepr upgrades An-124 as part of plan to reduce fleet

Volga-Dnepr has confirmed that it has upgraded one of its An-124 aircraft to increase its capacity, while also making cuts in response to difficult market conditions.

The Russian airline said that the upgrade has increased the aircraft's capacity by 20 tonnes, leaving it with a maximum cargo payload of 150 tonnes.

It also means the aircraft can carry a single piece of cargo weighing up to 120 tonnes, while its range has been increased.

The dimensions of the cargo cabin on the An-124 are 36.5 m x 6.4 m x 4.4 m. Its crane capacity is 20 tonnes.

Russian Aviation Insider (RIA) said Volga-Dnepr plans to carry out the same upgrade to another three of its An-124 aircraft.

The news comes as reports suggest the airline is looking to further reduce the number of An-124s it has in service.

RIA suggested that the airline is planning to put more of its An-124 aircraft into storage.

The carrier has already reduced its An-124 fleet from 12 to eight aircraft over the past two years and is now looking to place up to two more in storage as well as making 100 job cuts, as it looks to meet challenging market conditions.

The Volga-Dnepr Group previously confirmed to *Freighters World* sister title *Air Cargo News* that it had initiated a programme of change.

"As we are in [a] market downturn stage and [the] forecast for next year is not rosy, yes, we are running [an] optimisation and staff reduction programme," the company stated.

In August, the Volga-Dnepr Group announced that it intended to restructured its management team following a tough first half of the year in which its operational performance fell below expectation.

The group said its three carriers — Volga-Dnepr Airlines, AirBridgeCargo Airlines and Atran Airlines — saw cargo traffic decline by 6% year on year to 2.6bn freight tonne kms in the first half. This was 20% below expectation and budget.

BELUGAXL TAKES SHAPE

Airbus's BelugaXL is set to enter service early in 2020, after receiving type certification from the European Aviation Safety Agency. The aircraft has completed more than 200 test flights. Six BelugaXLs will be built by 2023.

SF EXTENDS INDIA SERVICE

Chinese express firm SF Airlines has added a second service to India to cater for growing demand for e-commerce. The airline said that on October 17 it carried out its first flight between Shenzhen and Delhi with a B747-400F.

21 AIR TO ADD B767-300ERF

Freighter operator 21 Air has met US Federal Aviation Administration technical requirements to include Boeing 767-300 Extended Range freighters in its fleet.

CHARTERSYNC SUCCESS

Air charter platform CharterSync has successfully helped a freight forwarder move a 50-tonne shipment from Ostend to North Carolina at short notice. An An-124-100 freighter was chartered to fly the 458 cu m machinery, which needed specialist handling.

ATSG ON THE UP

Freighter lessor Air Transport Services Group has reported higher third-quarter results thanks to the integration of charter carrier Omni Air International, which it acquired late last year. Revenue in the quarter rose to $366m, up 79% on a year ago, while net profit rose to $105m.

AirBridgeCargo (ABC) has completed a "record transportation" of 27 RKN Envirotainer containers onboard a single flight, delivering an urgent vaccine product from Milan to Beijing via Moscow. The Boeing 747-8F flight was carried out on behalf of Kuehne + Nagel Italy, with all 27 active containers delivered to ground handling company ALHA in Milan ready to "load and go". When the aircraft landed in Moscow, the shipment connected with a flight to Beijing leaving on the same day. ABC's pharma team co-ordinated and monitored each step of the move.

Antonov Airlines puts An-22 back in action

Antonov Airlines' An-22 has returned to commercial service, having being taken out of action for just over a year for routine maintenance.

The turboprop freighter completed two flights carrying helicopters and spares between Madrid and Baghdad in a move organised by DSV Spain on behalf of the Spanish Ministry of Defence (MoD).

Thanks to the height of the 'Antei's' cargo compartment, which is 4.4 m, the transfer did not require the dismantling of the helicopters' rotors.

"In such a way, the cargo was prepared in a shorter time, allowing the delivered helicopters to enter service faster," the company said in a statement.

Co-ordination and supervision of the flights were taken care of by Cargoplanet Spain, the representative of Antonov Airlines for these kind of logistics operations in Spain.

"Antonov Airlines highly appreciates co-operation with Cargoplanet Spain and DSV Spain on the performed missions," commented Vitaliy Shost, first deputy director of Antonov Airlines.

"We are pleased to announce that the An-22 is back in the commercial market of outsized air transportations after scheduled maintenance.

"A few decades ago, the appearance of the An-22 Antei opened the era of the widebody transport aircraft.

"This aircraft is still the largest turboprop air freighter in the world and its services are still in demand in the global airlift market," Shost added.

The An-22 Antei can be operated to and from both paved and unpaved runways.

RAC 90 converts into King of the air

Resource Air Conversions has launched a new freighter conversion programme for the Beechcraft King Air 90 turboprop aircraft, to be named the RAC 90 Cargo King Air.

The conversion work involves reinforcement and augmentation of the aircraft floor, removal of pressurisation systems, replacing windows with aluminium plugs and introduction of an additional 58 inch aft cargo door and a port side crew hatch.

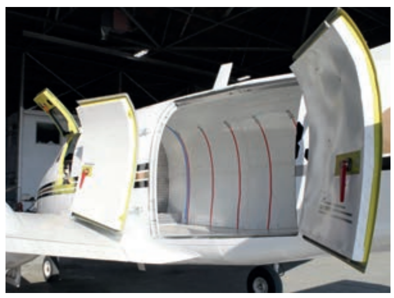
The RAC 90 is available with a choice of two cargo door options depending on end users' requirements.

The RAC 90 Dual Cargo Door has a two-piece horizontally opening configuration that is good for users requiring forklift access while loading.

The RAC 90 Overhead Cargo Door has a single-piece vertically opening configuration designed for air ambulance and loose load cargo operators, and allows vehicles to be positioned closer to the aircraft.

The aircraft also features a honeycomb cargo floor and cargo liner, creating a low friction surface to aid loading.

Both models are equipped with a hatch that provides crew access to the cockpit in the event that the area is not accessible from the hold.



Boeing mulls B767 mod

Boeing is studying the option of a re-engined derivative of the B767 widebody primarily for the cargo market, to enter service in the mid-2020s.

A passenger version, which also forms part of the study, could provide Boeing with a lower-cost alternative to its proposed New Mid-market Airplane (NMA).

Freighters World sister title *FlightGlobal* learned that the study, with project name 767-XF, is based on the B767-400ER platform powered by GE Aviation GEnx engines.

To accommodate the larger-fan engines, the aircraft will incorporate extended landing gear to provide the necessary ground clearance.

Currently, the mid-size 30- to 60-tonne freighter market is mainly covered by B767-300Fs, B767-200Fs, B757-200Fs and Airbus A300Fs. All three Boeing aircraft are available on the conversion market, while Boeing also offers the B767-300ERF as a production aircraft.

The focus of the study is on the cargo market. Boeing is currently producing the newbuild B767-300 Freighter for FedEx and UPS and holds a firm backlog for 60 aircraft. The B767-XF would utilise the -300F's existing forward maindeck cargo door.

Beyond the re-engining and gear modifications, it is understood that the B767-XF study represents a minimum-change design using traditional structures. The projected in-service date would be around 2025.

Sources indicate that a passenger B767-X development also forms part of the project, which Boeing is examining as a cheaper, lower-risk alternative to developing the NMA — a clean-sheet design powered by next-generation engines.

Boeing declined to comment on the B767 project, but stated that it is "always studying the marketplace and looking at how we can best serve our customers".

It added that it secured a record number of orders for new and converted freighters last year (124). This included 32 B767 production-built and converted-freighters, "so we continue to see very healthy demand for the B767F platform".

Boeing is evaluating how it tackles the so-called "middle-of-the-market" and counters Airbus' competition with its A321XLR and A330neo derivatives. If a B767-X derivative was to replace the NMA in Boeing's product development plan, it could potentially enable the US airframer to allocate its financial and engineering resources towards development of a 'Future Small Airplane'. This could allow more rapid development of an all-new single-aisle to succeed the B737 Max.

The B767 first entered service in 1982 with United Airlines and to date 1,165 aircraft of the type have been delivered. The backlog currently stands at 105 orders, including 60 B767-300Fs and 45 B767-2C tankers for the US Air Force and Japan.

Russia poised to test 'Slon' concept

Russian researchers have constructed a scale model of the proposed 'Slon' outsize freighter transporter, a potential successor to the Antonov An-124.

Moscow's Central Aerohydrodynamic Institute has shown off the model ahead of wind tunnel testing.

When it unveiled the four-engined concept aircraft two years ago, the institute said it would be able to transport 150 tonnes of freight over 7,000km and carry a maximum of 180 tonnes.

The aircraft is designed to be powered by the Aviadvigatel PD-35 engine, a high-thrust version of the PD-14 available for the Irkut MC-21.

The model has removable wing-tips, a removable horizontal stabiliser and vertical fin with elevators and rudder sections.

"Work on the wing — which has a complex spatial form to ensure high aerodynamic characteristics in cruise — was the most time-consuming," said technological department deputy chief Andrei Sidorov.

He said the model is convertible to enable it to be tested in various configurations and with a range of aerodynamic layouts, including a different nose, tail, wing-tips and landing-gear fairing configurations.

Testing will begin "in the near future", with the model to be tested in two wind tunnels during 2020 to analyse take-off and landing aspects. "It is also planned to visualise flow around the model," the institute added.

The 'Slon' is designed to compete with the An-124 and Boeing 747F.

Cargolux doubles up Jakarta service

Cargolux has added a second weekly link between Luxembourg and Jakarta, Indonesia, just five months after it launched the connection.

The carrier said the success of the service to the Indonesian capital and growing market in Southeast Asia had prompted the move.

Domenico Ceci, executive vice-president sales and marketing, said it would provide further opportunities for customers at both ends, adding: "Indonesia and the Far East have proved to be substantial markets and we are pleased to contribute to global commercial exchanges with this enhanced service."

The additional connection departs Luxembourg at 11:55 (local time) on Thursday and arrives in Jakarta at 07:15 (local time) on Friday.

Cainiao takes on Russian freighters

Alibaba's logistics arm, Cainiao, has teamed up with Aviastar-TU and Pochta Russia to launch freighter flights carrying e-commerce goods.

According to a report in Reuters, Cainiao will lease seven freighters from the two Russian companies to launch daily flights from China to Moscow, Yekaterinburg and Krasnoyarsk on behalf of AliExpress Russia.

The move is aimed at cutting delivery times for shipments from Russia to China to 10 days.

Aviastar-TU confirmed that it will operate Hangzhou-Moscow cargo flights on behalf of Cainiao.

In an emailed statement, the carrier said it would operate the flights using its Tupolev 204C and Boeing 757-200F aircraft.

The statement read: "Aviastar-TU Airlines and the Cainiao group of companies, which is one of the largest logistics companies in China, have signed the partnership agreement to conduct regular cargo flights on the route Hangzhou — Moscow with Tupolev 204C aircraft with a loading capacity up to 28,500 kg and B757-200F with a loading capacity up to 35,000 kg.

"One of the TU-204C aircraft proudly carries [the] livery of Cainiao, starting from October 2019.

"[The] airline hopes to develop the flight network together with [its] new business partner and expand the business relations with further achievements."

Aviastar-TU is not the only Russian carrier to benefit from growth in demand for e-commerce. In October, Atran Airlines added its sixth freighter, creating additional capacity to cater to an "e-commerce bonanza".

HIGH HOPES

It seems most agree that 2019 hasn't been a stellar year, but there is an air of general optimism for 2020. John McCurry reports

Factors that have made 2019 a somewhat shaky year for air cargo in general, also hold true for the air cargo charter business.

An unpredictable economy shaken by global trade wars has slowed investment in some industrial sectors.

Airlines providing charters say they are weathering the economic turmoil and are hopeful 2020 will usher in an improved economic climate.

Hiran Perera, Emirates' senior vice president, cargo planning and freighters, attributes the decreased charter demand in 2019 to economic uncertainty and global trade tensions.

He says he wouldn't describe the market as unpredictable, but says demand for air charter has been depressed this year, which is in line with the overall airfreight market.

Emirates has seen more demand in 2019 for part charters rather than for full charters.

"As with every year, Emirates SkyCargo moves outsized, heavy and unusual cargo as part of its normal operations on its aircraft," Perera says.

"This includes everything from aircraft engines and unique cars to helicopters and other equipment.

"We recently moved more than 25 tonnes of musical equipment on a charter basis from Singapore to Brazil.

"Also, earlier this year we moved a freighter full of flowers for the first time from Nairobi directly to Sydney."

Perera says the prevailing weak market conditions in 2019 have made Emirates' charter business challenging.

"We also expect to see a peak towards the end of the year as part of the traditional inventory replacement cycle. Even though this will probably be more subdued than during other years, the fact that most carriers have reduced capacity in line with the weak market conditions will mean that when the growth does start to pick up, there will be a sudden increase in demand for capacity and at this moment, it is challenging to plan for this scenario given the fluid market conditions."

Some positive notes come from two areas where Emirates has a long history of success: the transportation of horses and automobiles.

Perera says the airline has seen a healthy demand for its Emirates Equine product and it continues to move horses around the globe for sporting events. Similarly, Emirates Wheels has seen good demand for car transport for events, as well as for individuals.

POSITIVE TRENDS

But will 2020 bring better times and increased demand? Perera thinks so. He says the airline has positive expectations, especially if stability is realised in the international trading environment, leading to increased demand for transporting goods across markets.

"There has been a positive trend in the Purchasing Managers Index (PMI), which is an important indicator of manufacturing export orders, and even though this is still in contraction mode, we are hopeful for more robust demand for airfreight in 2020," Perera says.

Florida-based Western Global Airlines experienced somewhat of an up and down, and then back up year.

Steve Dix, vice president of sales and marketing for the five-year-old carrier, says the company was busy with ACMI work at the beginning of 2019.

As the economy slowed during the summer, charter business started to pick up.

The fourth quarter began strongly and Dix says prospects are good for a decent 2020.

Privately-held Western Global is owned by Jim and Sunny Neff, with Jim Neff serving as chief executive and Sunny Neff as chief innovation officer.

Charters are a big part of Western Global's business, as is long-term business with Tier 1 carriers. Charter business includes one-off flights for freight forwarders and manufacturers, plus charter work for large carriers.

The company also performs charters for the US military, a business Dix describes as good and consistent.

Other charter work this year includes flights for some high-profile bands and relief work in Africa.

"We are ending 2019 on a good note and are positioned for a great 2020," Dix says.

Western Global operates a fleet of 12 MD-11Fs and two B747-400Fs. The company has plans to add another MD-11F in 2020, and may add others, according to Dix.

"We have a lot of what I consider to be blue chip customers in South America, the Middle East, Asia and the US. We operate in about every continent in the world in some fashion."

Charters accounted for $324m, or 50% of Atlas Air's business during the third quarter.

That was up slightly from $322.8m during the same period last year.

In its third-quarter earnings statement, Atlas said charter segment revenue increased during the period reflecting higher levels of flying, partially offset by a decrease in the average rate per block hour due to the impact of tariffs and global trade tensions on commercial cargo yields (excluding fuel). Block-hour volume growth primarily reflected increased passenger demand from the military and the two-month redeployment of two B747-8F aircraft from the ACMI segment. These drivers were partially offset by lower cargo demand from commercial customers as well as labour-related service disruptions.

"Airfreight is a long-term growth industry," said Atlas chairman and chief executive William Flynn.

"Despite current macroeconomic issues, the global middle class continues to expand and supply chains continue to grow and develop to meet demand.

"And as consumption increases and supply chains evolve, airfreight is vital in transporting the goods and materials required by consumers safely, reliably and efficiently."

Canada's Cargojet reported strong growth overall for its third quarter. During an earnings call on November 4, chief executive Ajay Virmani said the third quarter also showed progress for the company's charter business.

He said the carrier made a proactive decision to suspend several South America routes to redeploy aircraft for more profitable opportunities.

He said he expects margins to grow, but the company will only enter new charter routes if it can meet target expectations.

Kevin Swearingen, UPS Airlines aircraft charters manager, notes that while the priority for UPS Airlines is servicing the company's express small package network, it also books commercial and government charters on a regular basis. He says demand has been steady the past several years, and UPS expects that to continue in 2020.

"In terms of unusual trips, the most rewarding charters in 2019 were two humanitarian aid flights arranged by the UPS Foundation," Swearingen says. "UPS freighters moved relief supplies for the International Red Cross and US Agency for International Development to the Bahamas following the devastating hurricane there."

Air charter brokers have been challenged, too.

Harry Steiner, co-founder of The Charter Store in Fort Lauderdale, Florida, tells a similar story to that of the airlines.

"I would be lying if I said this has been a stellar year," he says. "I talked to a few of my peers at Air Cargo Americas in Miami, and they were all united in their opinion that it has been a slow year, slow in general and slow in air cargo charters."

ECONOMY SLOWDOWN

Steiner notes that the world economy has slowed, more so in Europe than in the US.

The price of a barrel of oil is low, so that means oil and gas firms are not chartering as much. Other negative factors include trade wars between the US and China, and the US and Europe, creating a lot of uncertainty.

The North American Free Trade Agreement replacement hasn't been ratified, slowing investment in plants in Mexico.

"Winter hasn't hit up north and west yet, and that usually triggers some domestic charter activity," Steiner says.

"My company is still doing okay. We have worked hard to find new customers, and they all have a little bit of business, so we were able to prevent a bigger downturn. We're holding out until things improve. It's not all gloom and doom. We are working hard to find new customers.

"Charter customers always prefer part charters over full charters because they are cheaper, so we always offer one where feasible and available," Steiner says.

"But in the urgent 'go-now' market there is never time for combining loads with someone else or flying at someone else's schedule, so it's not really an option. But instead of chartering, we often are asked to provide a hand-carry/on-board courier option where feasible."

The energy sector has provided some business.

The Charter Store conducted nine B747F charters from the US to the Middle East during the summer with materials going to a fracking company. Steiner also arranged several smaller charters throughout the year to the west and east of Canada with spare parts for oil and gas equipment.

"Many of our loyal customers currently don't have the need for air charter because they can cover transportation with cheaper alternatives due to a slowdown in production schedules and increased inventories," Steiner says. "We do more hand-carries for them than ever before. Nobody knows for sure how long this trend will continue."

Steiner maintains optimism for 2020. He says it's not likely to be a stellar year, but it should be an improvement over 2019. ◆

MAIL DOWN UNDER

Qantas Freight executive manager Paul Jones talks to Roger Hailey about his plans to expand services for e-commerce

It has been a busy 12 months for Qantas Freight, as the cargo division of Australia's flag carrier welcomed two replacement Boeing 747-8 freighters into its fleet and signed an expanded domestic and international airfreight agreement with Australia Post.

Atlas Air operates the B747-8Fs in an ACMI service for Qantas on transpacific routes linking Australia and Asia with the US, replacing a pair of Atlas-owned B747-400Fs. The replacement freighters carry 20% more cargo and have space for seven extra cargo pallets compared with the older aircraft.

The seven-year agreement with Australia Post, valued at over A$1bn, will support the growing demand for parcels by giving the postal operator access to Qantas freighters and priority access to the bellyhold of more than 1,500 Qantas and Jetstar passenger flights.

The Australia Post agreement will see up to three Airbus A321P2Fs enter the fleet, the first one of which will touch down in October 2020, with Qantas the first carrier to operate the converted A321 passenger jet.

Each A321P2F will add nearly 50% more capacity – or an additional nine tonnes – compared with the existing Boeing 737 freighters. In the lead-up to Christmas 2018, Australia Post flew more than 400 tonnes of mail on its busiest night, and more than 40m parcels during December.

Paul Jones, executive manager, Qantas Freight and Australian Airports, told *Freighters World* in an email exchange that the additional routes for the B747-8Fs include the recent introduction of the once-weekly stop in Melbourne, "further expanding direct connections from US hub Chicago to more cities in Australia".

Jones adds: "The recent addition of our two wet-leased B747-8F aircraft – as well as the announcement of the A321P2F – come on the back of market growth. As a business, we're committed to responding to the needs of our customers and the industry, whether that be by making changes to our fleet or by altering our routes."

He continues: "The flexibility of our network stands as another example of that commitment, with our B747-8F now stopping in Melbourne, while our B767 freighter now also services the far North Queensland region with a direct Cairns to Hong Kong service.

"We work hard to ensure that our fleet matches the needs of those customers by constantly evaluating the performance of it and the routes we fly, and will continue to work towards responding to those needs when it makes business sense."

At a time of increased trade disputes between the US and China, Jones was asked what effect the tariff dispute had taken on volumes for Qantas Freight.

"Internationally, we are observing some impacts on the global freight market due to trade tensions between the US and China. As a business, we are able to mitigate some of that international uncertainty by pre-selling freight capacity on key routes with some of our larger customers.

"It's also important to mention that we support a number of other important trade lanes across the world via our extensive access to the belly-space of the Qantas and Jetstar passenger networks."

A VARIED PAYLOAD

The established Australia-China-US freighter routes operated by the B747-8Fs carry a variety of goods, says Jones, adding: "From Australia, we uplift a range of perishable commodities including fresh milk and chilled salmon, but there is also strong demand for milk powder and vitamins, among other things.

"China uplifts are typically comprised of high-tech goods and e-commerce related products. Similarly, from the US, e-commerce also features strongly in the makeup of exports in addition to machinery and pharmaceuticals.

"We offer a range of products to cater to the differing needs of airfreight customers. Recent trials of Envirotainers on board our B747-8F aircraft have proved successful and we continue to see demand for other temperature-sensitive movements including fresh and frozen perishables."

Jones was asked about Qantas Freight's strategy for growing its international route network, and whether cargo alliances could form part of that.

"For our international freight business, we are focusing on sectors where we are seeing strong growth, including e-commerce, fresh produce, electronics and mining equipment.

"We continue to focus on Asia. We have just launched a direct Cairns to Hong Kong freighter service that will support the export of fresh seafood and agricultural products from the Cairns region to key Asian and international markets. The new flight provides over 25 tonnes of freight space.

"Earlier in September, we announced that effective from November 2019, we will manage Jetstar Asia's freight capacity across 23 ports in 13 markets."

He continues: "Singapore is Qantas Group's largest hub outside Australia and is Jetstar Asia's home, operating a fleet of 18 Airbus A320 aircraft, each carrying up to two and a half tonnes of cargo per flight.

"Qantas carries freight on more than 130 passenger flights per week to ten cities in Asia (excluding Japan), in addition to freighters to Bangkok, Chongqing, Hong Kong and Shanghai.

"From an alliances perspective, we constantly assess and review our commercial partnerships in order to deliver the best proposition to our customers. One recently approved joint business with American Airlines is an example of this."

E-COMMERCE HIGHS

E-commerce is one of the growth areas for international airfreight business and the Australian Post agreement appears to be in response to the expected increase in business to consumer traffic volumes.

Asked for his view on the e-commerce market and Qantas Freight's plans to leverage the sector, Jones says: "We have seen strong growth in e-commerce over the past three years. We're confident that the new deal with Australia Post will continue to power the e-commerce engine that's driving Australian trade domestically and internationally, while supporting the rising demand for next-day delivery. To help this along, we use four Bae146-300 jet freighters known as 'curfew busters' from our colleagues at Cobham. These aircraft allow us to operate a limited number of services during the night to busy capital city airports because of the low noise levels they generate.

"In many ways, Australia has been somewhat behind other mature economies when it comes to online shopping, so that indicates to us that there is still plenty of growth to come in the years ahead."

The Australia Post deal includes the first converted A321 on lease from Vallair. So the next questions are: will there be a decision on whether to add another two A321P2Fs, what will the delivery timetable be and are they to be leased from Vallair too?

MARKET REQUIREMENTS

Says Jones: "We continuously work with our customers to ensure that our fleet matches the requirements of our customer base. All decisions regarding additional A321P2Fs will be based on those market requirements coupled with how we can best service those customers. Our first A321P2F has been sourced from Vallair and additional aircraft will be sourced as required."

Qantas Freight currently operates four B737-300Fs and one B737-400F, all of which are more than 30 years old, with conflicting reports about their fate. Will the A321P2Fs replace the Boeings?

"The addition of the A321P2Fs comes on the back of market growth. Our B737s will continue to operate under the current arrangement. Future plans regarding our fleet will be considered with market needs and our customers in mind."

Qantas Freight has also wet-leased a B757-200F. Will this aircraft type be expanded? "As is normal practice in our industry, the B757-200F arrangement was implemented to meet a short-term need for support during scheduled heavy maintenance of other aircraft within our fleet."

Looking in more detail at the Jetstar Asia deal, Jones says it will provide a "more streamlined freight journey through Asia, Australia, Europe and the US".

Jones says: "Our arrangement with Jetstar Asia will improve efficiencies for the Qantas Group, offer greater flexibility and leverage synergies like ground handling services, while unlocking value for our freight customers by offering more connections.

"We will also be able to provide better options for our customers in terms of access to the Qantas Group network to service points beyond South East Asia, utilising our Singapore hub."

Finally, are there upgrades to cargo terminals, either within Australia or elsewhere?

"Our significant investments in fleet are being bolstered by improvements and innovation on the ground in our terminals. After successful trials in Perth earlier in the year, our very own track and trace technology is now being tested across other major terminals on the eastern seaboard.

"Developed specifically for the needs of Qantas Freight, track and trace allows for better visibility of where freight is and provides for more efficient retrieval at the point of pick-up." ◆

In many ways, Australia has been somewhat behind other mature economies when it comes to online shopping, so that indicates to us that there is still plenty of growth to come in the years ahead

THE ROCKFORD FILES

Chicago-Rockford International airport, the fastest growing airport in the over 250,000 tonne category, has designs on the lucrative e-commerce market, reports Roger Hailey

Chicago-Rockford International airport (RFD) has big ambitions to be the e-commerce hub of choice for the US Midwest, with both UPS and Amazon Air among its major customers.

RFD, already a designated diversion airport for neighbouring giant Chicago O'Hare, was named as 2018's fastest-growing airport in the over 250,000 tonnes category by Airports Council International.

The US airport saw a 56.6% increase in volumes handled, to 306,332 tonnes in 2018, more than twice the percentage increase of European hub Liege, although the freighter-friendly Belgian airport was starting from a higher base, at 872,000 tonnes handled last year.

RFD director of business development and cargo Ken Ryan tells *Freighters World* that he expects to see "significant" growth this year "but not in the 50% or 60% range", citing Amazon's investment in a new sort system for its 200,000 sq ft facility.

While current volume growth in tonnes handled were not available for 2019, Ryan says that the growth trend in aircraft-landed weight was more than 12% compared with last year, the increase expected to be between 10% to 15% by the end of December.

UPS has around 30 flights a day at RFD, while Amazon Air has around 10 at present. The range of freighter types is diverse, with calls from B737-800Fs, B757-200Fs, A300Fs, B767-200Fs and -300Fs, MD-11Fs and B747-400Fs.

Adds Ryan: "It is hard for us to judge the growth this year for several reasons; for example UPS made a big investment in upgrading its sort centre at Chicago and I believe it can handle in the range of 150,000 packages per hour.

"In terms of landed weight, we are 112m lbs (51,000 tonnes) above what we were last year [end of September]."

Negotiations with unnamed cargo airlines, including those based in China, are taking place and the RFD cargo boss expects that one or two carriers should come through during the next nine months.

The airport is preparing for future growth with a first phase $10m investment in additional aircraft ramp space, with a final phase total of $30m, on top of $35m invested in airport facilities since the beginning of 2018.

'You can get your freight into the Rockford facility five hours faster than at O'Hare'

Ken Ryan, Chicago-Rockford International

A large tranche of the ramp investment is government funding from the Federal Aviation Administration (FAA).

That is partly because of RFD's diversionary airport role; it is just 58 miles from O'Hare, which means passenger jets can stay up in the air for longer rather than switch to an airport further away.

The ramp investment also has practical day-to-day benefits for freighter operators at RFD in what is a competitive local market.

Chicago O'Hare, which handled 1.9m tonnes of cargo in 2018, a 5% increase on prior year, has invested $220m in its Northeast Cargo Development, a project that has produced a surge in airfreight activity.

FLUID DESIGN

But Rockford is not daunted and plays its niche-and-nimble hand to the full. Airport management is committed to building a 130,000 sq ft modular-design cargo building, meaning it can be built in sections subject to market demand, when and not if it comes.

Ryan adds: "O'Hare is very typical of what is going on at the major US hub airports where you can do a lot inside of the [airport] fence, but the more trucks you have going to pick up or drop off freight can result in tremendous backlogs and delays, which is one of our selling points.

"All those factors combined [at O'Hare] can mean delays of between four to six hours. We do not have that problem either in the air or the ground, admittedly we don't have the same volumes, but then that means you can get your freight into the Rockford facility five hours faster than at O'Hare."

Ryan adds that RFD can be more agile than the larger hubs.

Amazon ULDs at RFD

He states that when the first call came in from ABX for the Amazon Air freighters, he was empowered to make a deal, avoiding internal airport bureaucracy, that would see Rockford as the favoured Midwest hub, rather than O'Hare or Milwaukee.

"In under 40 days we had our first ABX flight and that included helping the chosen handling agent bring its equipment to Rockford, plus providing offices for them to interview 100 people who we then trained in 30 days.

"We moved and did things as if we had a signature. I don't think anybody reacted as quickly as we did in the region." ◆

BIG TWIN CONVERSION

Conversion partners Israel Aerospace Industries and GECAS have targeted the B777-300ER. Roger Hailey reports

It was the news that the industry was waiting for, the confirmation that Israel Aerospace Industries (IAI) was launching its 'Big Twin' Boeing 777 passenger-to-freighter (P2F) conversion programme.

IAI and partner lessor GECAS have chosen the successful passenger B777-300ER (extended range) aircraft variant, with around 850 of that type in service, stored or ordered.

The initiative for the converted B777-ERSF is jointly funded by GECAS and IAI, with 15 firm orders from the lessor and 15 further options, all from GECAS' owned fleet.

In a joint statement, the conversion partners said: "The B777-300ERSF Supplemental Type Certificate (STC) development and prototype conversion is estimated to take more than three years from the start of the programme to achieving CAAI/FAA STC approval, while subsequent aircraft will average four to five months to convert."

UNKNOWN PRICE TAG

Yosef Melamed, executive vice president of the General Aviation Group of IAI, told *Freighters World* that the expected market was for between 125 and 150 conversions, as the aircraft is seen as having "good potential" to replace the older B747-400Fs, MD-11Fs.

There is no price tag yet attached to the B777-300ERSF programme by GECAS and IAI but industry sources have indicated that $60m for the aircraft and conversion work would be a reasonable estimate, making it highly competitive versus the production line B777-200F, which is 10 m shorter than the 300ER passenger version.

The B777-300ERSF will have 25% more volume than the 777-200LRF, but retaining 90% commonality with its smaller twin, so cutting down costs on maintenance, operations and pilot training.

The Big Twin is well positioned, being at least $100m cheaper than a B777-200F, assuming nobody pays the list price for the production jet, and is the largest twin-engined freighter on the market. It has operational and cost-saving advantages over the four-engined, 137-tonne capacity B747-8F, which also has a question mark over its production life and which is less suited to the economics of e-commerce volumes.

SALES PITCH

The joint GECAS-IAI sales pitch is that the Big Twin will offer operators "25% more capacity than today's smaller twin-engined long-haul freighters and it is anticipated that it will achieve up to 21% lower fuel-burn per tonne than ageing B747-400 freighters".

The partners stated: "Entering service in 2022, the 777-300ERSF is expected to provide 'best-in-class' economics, superb range, outstanding flexible freighter capabilities — especially for express and e-commerce operators — and all with renowned B777 commonality, capability and reliability."

The dedicated website for the Big Twin states that the B777-300ERSF is: "The only large aircraft that offers a significant level of operational commonality with the 777-200LRF. In addition, it can operate seamlessly alongside the 777-300ER.

"In both cases, the 777-300ERSF can be inducted with minimal additional investment and minimal operational burden. This commonality allows operators to simplify their fleets and benefit from the associated cost efficiency."

Another plus is that the new P2F will occupy the same stand space, but offer greater payload than the production B777-200F and the converted A330-300P2F. It will also carry more freight but burn less fuel, with its proven GE Aviation GE90 engines.

When operating at the cargo density sweet spot of around 7.5-8lb/cu ft, the B777-300ERSF can accommodate 18 more tonnes than B777-200LRF (although their maximum payloads are roughly the same), and nine tonnes more than B747-400BCF (Boeing converted freighter).

> **The 777-300ERSF can be inducted with minimal additional investment and minimal operational burden**
> *Joint GECAS-IAI partners*

AROUND THE WORLD

Over a weekly around-the-world route, the B777-300ERSF burns 191 fewer tonnes of fuel and carries 99 tonnes of additional load when compared with the B747-400BCF.

Said Melamed: "I do not see a competitor in the next 10 or 15 years."

The question is whether or not those carriers with options for the production line B777-200F will decide to switch some of those to the P2F aircraft when it becomes available.

If one looks at the B767 production line and conversion market, there is a healthy appetite for both aircraft types, so there is little reason to doubt that the same will apply to the B777.

E-commerce will fuel that demand, said Boeing.

Global retail e-commerce sales were $2.3trn in 2017, more than double the $1.1trn spent in 2012.

With no signs of slowing down, stated Boeing, the e-commerce market size is forecast to double again by 2021, reaching nearly $4.9trn.

The global ambitions of the e-tailer giants will likely see increased demand for fuel efficient freighters with optimum capacity suited to volumetric loads.

As for potential competition in the P2F space, Boeing has yet to announce a conversion option for the B777.

According to its forecast for 2018 to 2037, the US framemaker expects widebody conversions in the 40-120 tonnes capacity range to total 500 aircraft, with a similar number for production line aircraft, the B777 and B747 freighters.

The P2F B777 is taxiing for take-off to claim its slice of the widebody conversion market. ◆

	10t-30t	31t-60t	61t-150t
21 Air (21-air.com)		2 x B767-200SF 1 x B767-300ERF	
ACE Belgium Freighters (aceaviationservices.com)			1 x B747-400F
ACT Airlines (actairlines.com)			5 x B747-400F
Aerologic (aerologic.aero)			14 x B777F
AeroUnion (aerounion.com.mx)		5 x A300 B4F-203	
Air Atlanta Icelandic (airatlanta.com)			6 x B747-400F
AirBridgeCargo Airlines (airbridgecargo.com)			2 x B747-400F 12 x B747-8F 4 x B747-400ERF
Airbus Transport International (airbus.com)		5 x A300-600ST	
Air Cargo Global (acg-air.com)			3 x B747-400SF
Air China Cargo (airchinacargo.com/en/)		4 x B757-200SF	3 x B747-400F 8 x B777F
Air France KLM Cargo (af-klm.com/cargo)			1 x B747-400BCF 3 x B747-400ERF 2 x B777F
Air Hong Kong (airhongkong.com.hk)		10 x A300-600F	
Air Incheon (air-incheon.com)	1 x B737-400F		
Airwork (airwork.co.nz/)	3 x B737-300F 8 X B737-400F		
Alaska Airlines (alaskaair.com)	3 x B737-700F		
Allied Air Cargo (alliedairng.com)	3 x B737-400F		
All Nippon Airways Cargo (ana.co.jp/cargo)		8 x B767-300BCF 4 x B767-300F	2 x B777F
Aloha Air Cargo (alohaaircargo.com)	4 x B737-300F	1 x B767-300F	
Amazon Air (amazon.com)	5x B737-800F	29 x B767-300F 12 x B767-200F	
Amerijet International (amerijet.com)		1 x B767-200F 7 x B767-300F	
Antonov Airlines (antonov.com)	1 x An26	1 x An22	7 x An-124 1 x An-225
Asiana Airlines (asianacargo.com)		1 x B767-300ERF	11 x B747-400F
Asia Pacific Airlines (flyapa.com)	1 x B727-200F	3 x B757-200F	
ASL Aviation (aslaviationgroup.com) (owned only)	2 x B737-300F 3 x B737-300QC 2 x B737-400C 15 x B737-400F 14 x ATR-72-200F 2 x ATR-72-500F	1 x B757-200F	
Astral Aviation (astral-aviation.com)	2 x DC9-34F 1 x B727-200F 1 x F27-500F		2 x B747-400F
Atlas Air WW (atlasairworldwide.com)	5 x B737-400F 5 x B737-800F 1 x B737-300F	36 x B767-200/300F 1 x B757-200F	10 x B747-8F 35 x B747-400F 14 x B777-200LRF 4 x B747LCF
Atran Airlines (atran.ru)	4 x B737-400SF 2 x B737-800BCF		
ATSG (atsginc.com)	1 x B737-400F	33 x B767-200F 36 x B767-300F 4 x B757-200F 4 x B757-200C	
Aviacon Zitotrans (aviacon.ru)		5 x IL-76	
Avianca Holdings (aviancaholdings.com)		5 x A300FS 2 x B767-300F	6 x A330-200F
Aviastar - TU (aviastartu.ru/en)	4 x TU-204C	3 x B757-200F	
Bidair Cargo (bidaircargo.com)	3 x B737-200F		
Bluebird Cargo (bluebirdcargo.com)	1 x B737-300F 5 x B737-400F		

	10t-30t	31t-60t	61t-150t
Blue Dart Aviation (bluedartaviation.com)		6 x B757-200F	
Cairo Aviation (cairoaviation.com)	2 x TU-204-120		
CAL Cargo Air Lines (cal-cargo.com)			2 x B747-400ERF 1 x B747-400F
Cardig Air (cardigair.com/site)	2 x B737-300F		
Cargo Air (cargoair.bg)	3 x B737-300F 7 x B737-400F		
Cargojet (cargojet.com)		12 x B767-300F 8 x B757-200F 2 x B767-200F	
CargoLogicAir (cargologicair.com)			3 x B747-400F 1 x B747-8F
CargoLogicGermany (clg.aero)	2 x B737-400F		
Cargolux (cargolux.com)			16 x B747-400F 14 x B747-8F
Cargolux Italia (cargolux-italia.com)			4 x B747-400F
Cathay Pacific (cathaypacificcargo.com)			6 x B747-400ERF 14 x B747-8F
Cavok Air (cavok.aero)	7 x An-12		
Cebu Pacific (cebupacificaircorporate.com)	2 x ATR-72CF		
China Airlines (cargo.china-airlines.com)			18 x B747-400F
China Air Cargo	1 x MA-600F	2 x B757-200F	
China Cargo Airlines (ckair.com)			3 x B747-400F 6 x B777-200F
China Postal Airlines (cnpostair.com)	8 x B737-400F 13 x B737-300F 2 x B737-800BCF	5 x B757-200F	
China Southern Airlines (flychinasouthern.com)			12 x B777-200F 2 x B747-400F
Connect Cargo (connect-cargo.com)	2 x B737-400F		
Cubana (cubana.cu)	1 x TU-204-100C		
Cygnus Air (cygnusair.com)		2 x B757-200PCF	
DHL AIR UK (dhl.co.uk)		26 x B757-200F 3 x B767-300F	
DHL Aero Expreso (aviationcargo.dhl.com)	2 x B737-400F	4 x B757-200F 1 x B767-300F	
DHL International ME (aviationcargo.dhl.com)		6 x B767-200F	
DOT LT (dot.lt/en)	1 x ATR-42F 1 x ATR-42QC		
European Air Transport Leipzig (aviationcargo.dhl.com)		21 x A300-600F 6 x B757-200F	4 x A330-200F 1 x A330-300F
Egyptair Cargo (egyptair-cargo.com/cargo)			2 x A330-200P2F
Emirates SkyCargo (skycargo.com)			11 x B777-200F 1 X B747-400F
Empire Airlines (empireairlines.com)	11 x ATR-42F 7 x ATR-72F 37 x C-208		
Estafeta Carga Aerea (estafeta.com)	2 x B737-300F 2 x B737-400F 2 x CRJ-100F		
Ethiopian Airlines (cargo.ethiopianairlines.com)	1 x B737-800F	2 x B757-200F	6 x B777LRF
Etihad Cargo (etihadcargo.com)			6 x B777-200F
European Air Transport Leipzig (aviationcargo.dhl.com)	4 x B737-400F	21 x A300-600F 11 x B757-200F	4 x A330-200F 2 x A330-300F
EVA Air Cargo (brcargo.com)			5 x B777F
Express Air Cargo (express-aircargo.com)	2 x B737-300F		
FedEx (fedex.com)	25 x ATR-42C 21 x ATR-72C 236 x C-208B	77 x B767F 119 x B757-200F 10 x A310-300F 68 x A300-600F	57 x MD-11F 42 x B777F 13 x MD-10-30F 18 x MD-10-10F

	10t-30t	31t-60t	61t-150t
Global Africa Aviation (globalaa.net)			1 x MD-11F
Hong Kong Air Cargo (hkairlinescargo.com)			5 x A330-200F
Icelandair Cargo (icelandaircargo.net)		2 x B757-200F	
Jordan Int'l Air Cargo (jiac.com.jo)		2 x IL-76MF	
Kalitta Air (kalittaair.com)		6 x B767-300F	22 x B747-400F 1 x B777F
Kalitta Charters (kalittacharters.com)	1 x DC9-30F 2 x DC9-10F 3 x B727-200F 2 x B737-300F 4 x B737-400F		
Kenya Airways (kqcargo.com)	2 x B737-300F		
Korean Air (cargo.koreanair.com)			4 x B747-400F 7 x B747-8F 12 x B777F
LATAM Cargo (latamcargo.com)		11 x B767-300F	
Lufthansa Cargo (lufthansa-cargo.com)			7 x B777F 12 x MD-11F
MAC & CSA (airt.net)	8 x C-208 9 x ATR-42 9 x ATR-72		
Magma Aviation (magma-aviation.com)			2 x B747-400F
MASkargo (maskargo.com)			3 x A330-200F
Maximus Air Cargo (maximus.aero)		2 x IL-76F	1 x An-124-100F
Mistral Air (mistralair.it)	2 x ATR-72-200C 3 x B737-400F		
MNG Airlines (mngairlines.com)		7 x A300-600F	1 x A330-200F
Modern Logistics (modern.com.br)	2 x B737-400F 2 x B737-300F		
Mongolian Airways Cargo	1 x B737-300F		
Morningstar Air Express (maei.ca)	8 x C-208	8 x B757-200F	
My Indo Airlines (myindoair.com)	1 x B737-200F 2 x B737-300F 1 x B737-400F		
National Airlines (nationalaircargo.com)			2 x B747-400F
Nauru Airlines (nauruairlines.com.au)	1 x B737-300F		
Nippon Cargo Airlines (nca.aero)			8 x B747-8F
Nolinor Aviation (nolinor.com)	7 x B737-200C 4 x CV-440		
Northern Air Cargo (nac.aero)	2 x B737-200F 2 x B737-300F		
Pacific Air Cargo (pacificaircargo.com)			1 x B747-400F
Pacific Air Express (pacificairexpress.com.au)		1 x B757-200PCF	
Qantas Freight (qantas.com.au/qfreight)	4 x B737-300SF 1 x B737-400SF 4 x BaE 146	1 x B767-300SF	2 x B747-8F
Qatar Airways Cargo (qrcargo.com)			20 x B777F 5 x A330F 2 x B747-8F
Raya Airways (rayaairways.com)	1 x B737-400F	1 x B757-200F 1 x B767-200F	
Royal Air Maroc (royalairmaroc.com)		1 x B767-300F	
Royal Jordanian (rj-cargo.com)		1 x A310F	
RUS AVIATION (rusaviation.com)		1 x A300B4F 1 x IL-76TD	
Safair (safairoperations.com)	6 x L100-30H 1 x B737-400C 1 x B737-400F		

	10t-30t	31t-60t	61t-150t
Saudia Cargo (saudiacargo.com)			4 x B747-400F 2 x B747-8F 4 x B777F
SF Airlines (sf-airlines.com)	14 x B737-300F 3 x B737-400F	8 x B767-300BCF 30x B757-200F	2 x B747-400ERF
Sichuan Airlines Cargo (cargo.sichuanair.com)			3 x A330-200F
Sideral Air Cargo (siderallinhasaereas.com.br/en)	3 x B737-300F 2 x B737-300QC 6 x B737-400F		
Silk Way Airlines (silkway-airlines.com)		2 x IL-76TD-90 3 x IL-76TD	
Silk Way West Airlines (silkwaywest.com)			5 x B747-400F 5 x B747-8F
Singapore Airlines Cargo (siacargo.com)			7 x B747-400F
Sky Taxi (skytaxi.aero)	1 x Saab-340QC	1 x B767-200SF	
Solinair (solinair.si)		2 x A300-600F	
South African Airways Cargo (flysaa.com)	3 x B737-300F		
SpiceXpress (spicexpress.com)	2 x B737-700F 1 x B737-800F		
Star Air (starair.dk)		11 x B767-200SF 1 x 767-300BCF 2 x B767-300F	
Suparna Airlines (yzr.com.cn)	10 x B737-300F 2 x B737-400F		4 x B747-400F
Swiftair (swiftair.com)	6 x ATR-42-300F 11 x ATR-72 10 x EM-120F 1 x B737-300F 7 x B737-400F	2 x B757-200F	
Tasman Cargo Airlines (tasmancargo.com)		1 x B767-300F	
Tianjin Air Cargo (hnagroup.com)	2 x B737-300F 1 x B737-400F 1 x B737-800BCF		
Titan Airways (titan-airways.com)	1 x B737-400F		
Total Linhas Aereas (total.com.br)	4 x ATR-42 5 x B727-400F		
TransAfrik (transafrik.com)	3 x B737-100F		
TransAviaExport (transaviaexport.com)			1 x B747-300F
Transportes Aereos Bolivianos (tab-bolivia.com)			1 x MD-10-30F
Turkish Cargo (turkishcargo.com.tr)		3 x A310-300F 1 x A300-600F	10 x A330-200F 6 x B777F 4 x B747-400F
Turkmenistan Airlines (turkmenairlines.com)		1 x IL-76TD	
Ukraine Air Alliance (uaa-avia.com.tr)	6 x An-12		
ULS Airlines Cargo (ulsairlines.com)		3 x A310-300F	
UPS Airlines (ups.com/aircargo)	291 x smaller aircraft (leased)	75 x B757-200F 2 x B767-200F 59 x B767-300F 3 x B767-300BCF 52 x A300-600F	42 x MD-11F 11 x B747-400F 2 x B747-400BCF 12 x B747-8F
Uzbekistan Airways (uzairways.com)		2 x B767-300F	
Volga-Dnepr Airlines (volga-dnepr.com)		5 x IL-76TD-90-VD	12 x An-124-100F
West Atlantic Group (westatlantic.eu)	30 x BAE ATP-F 7 x B737-300SF 14 x B737-400SF 2 x B737-800F 2 x CRJ-200PF	3 x B767-200SF	
YTO Cargo Airlines (yto.net.cn)	6 x B737-300F	4 x B757-200F	

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Sunshine and showers

The forecast for project airfreight in 2020 is certainly varied. Megan Ramsey reports

The outlook for project airfreight in 2020 presents a mixed picture, with some operators expecting growth while others are rationalising their cost base.

"Aerospace remains our main commercial industry vertical," says Paul Furlonger, director, Antonov Airlines UK office.

"It has been relatively stable for the last couple of years and there are long-term projects in place that will also see us through 2020-21."

The main type of aerospace cargo are satellites, predominantly from Europe and North America.

In 2019, aerospace shipments from North America grew by more than 70% year on year, Furlonger notes, although there was a considerable decrease in shipments out of the EU.

Antonov Airlines has also been working on a long-term project for the transportation of aircraft wings from North America, as well as flights relating to construction projects, mainly in the Far East.

However, "on the whole, the outsize and project cargo market has been much softer this year in comparison to 2018, which mirrors the weakening global trade and volatile situation across different regions and industries," Furlonger sums up.

But according to Pierre van der Stichele, group cargo operations director at UK-headquartered charter broker Chapman Freeborn, project business has been "steady" this year.

"We've been getting continuous requests from the oil and gas sector, which has picked up a bit," he says. "We also have a lot of contracts for moving engines for the aerospace maintenance, repair and overhaul sector — for instance, using Antonov An-124 aircraft to move Boeing B787 engines."

Renewable energy is also a source of work.

Although wind energy shipments are mainly moved by sea because of their size (especially the rotor blades), some turbines will fit inside the An-124, he points out.

Patrick Winther, branch manager in Kastrup for Aarhus, Denmark-headquartered Martin Bencher Group, says that while most of its project work uses seafreight, demand for its airfreight services is growing — especially for urgent shipments.

For instance, in 2018, Martin Bencher Group's Brazil and Germany offices worked together on a part charter of a B747 freighter to move more than 53 tonnes of oil and gas components from Germany to a job site 1,200 km from the arrival airport in Brazil.

The entire operation, including pre-planning, took less than a week.

In mid-May 2019, the company chartered an An-124 aircraft to carry a 60-tonne shipment from Scandinavia to a waste-to-energy boiler project in China's Xinjiang Province.

The heaviest of the six pieces comprising this shipment weighed 29 tonnes.

Right now, Winther says the introduction of the International Maritime Organization's sulphur cap in 2020 — limiting the sulphur content of fuel oil used by ships operating outside designated emission control areas to a maximum of 0.5% — is resulting in the transportation of scrubbers to China for installation on vessels.

"We are using airfreight to move the scrubbers because we are getting close to 2020 now, and there isn't time to ship them by sea before the deadline," he says.

Relationships

At Chapman Freeborn, van der Stichele notes that some projects "don't even get to a phone call [to a broker] because customers are searching for An-124 aircraft online, and dealing directly with Volga-Dnepr Airlines and Antonov Airlines".

In fact, Volga-Dnepr stopped doing business with aircraft charter brokers for its fleet of An-124-100 and IL-76TD-90VD freighters last year, but it has started working with a few selected brokers again — including Chapman Freeborn.

It is perhaps not unreasonable to wonder if Volga-Dnepr's intentions to optimise its fleet and cut staff — reportedly in response to falling volumes and a gloomy outlook — might not also be connected with the consequences of its decision to stop using brokers.

Meanwhile, AirBridgeCargo Airlines (part of Volga-Dnepr →

AirBridgeCargo Airlines and CargoLogicAir are cancelling freighter services in the face of tough market conditions

Group) and partner airline CargoLogicAir have cancelled 11 freighter connections, as reported by German logistics publication DVZ.

One company with its own in-house 24/7 charter department is Rock-It Cargo, which specialises in delivery solutions for large, time-critical projects.

"In any given year, we use between 250 and 300 widebody charters," says president Paul Martins.

"We have very strong direct relationships with operators including Cargolux, Atlas Air, AirBridgeCargo, Kalitta Air, Korean Air and Singapore Airlines.

"We understand the problems they face, such as getting permits, or how the weather can affect payload. Using a smaller group of providers makes it easier to have a nexus and to approach projects as a partnership in which we all understand each other's roles."

On the other hand, Winther believes there will always be a place for the charter broker in project airfreight, and that specialist forwarders will always be essential, too, despite the growth of courier companies who are able to accept ever-larger shipments.

"There's a lot of work involved in projects; they're complex," he says. "You have to take care of so much, both before and after the shipment itself: it's not just a case of moving something from A to B."

Nor are online solutions a substantial threat in the project world, simply because of the idiosyncratic nature of each job — although newly-launched UK-based platform CharterSync recently chartered an An-124 to move 50 tonnes of machinery, including a piece that measured 7m x 5m x 4m, from Ostend to North Carolina.

Van der Stichele concedes that there might be a place for a digital approach in some cases.

"For shipments that are simply large, it can work," he says.

However, he agrees with Winther that heavy, awkwardly-shaped or sensitive shipments are a different matter.

Such was the case when Antonov Airlines moved a satellite for Kübler Project Spedition on behalf of OHB System in August.

The 70-tonne payload onboard the An-124-100 included the satellite inside its climate-controlled transport container, as well as ground support equipment and Antonov Airlines' own loading system.

Antonov data logger sensors were used to monitor pressure, temperature and humidity in the satellite container, providing real-time feedback during the flight.

"Human experience and input are so important; a CAD drawing of a shipment, for instance, is not definitive, because you might be able to change the shape of the item by removing a part, so that it will fit inside an aircraft," van der Stichele points out.

Plus, specialist equipment and insurance are often necessary, and it is not always straightforward to organise and co-ordinate all of the elements involved in a project move.

Expansion

Looking at the market, van der Stichele expects oil and gas may grow a little next year.

"Of course prices fluctuate, but at the moment they are rising — possibly because winter is coming, but also because the political instability in the Middle East is putting pressure on other parts of the world to find other sources. The North Sea has really dropped, but elsewhere there is a lot of investment. There's a constant flow of projects starting or continuing."

Furlonger's view is quite different. Even though oil and gas market outlook reports are forecasting an increase in investment and capital expenditure — driven particularly by the North America market, this is yet to be felt by Antonov Airlines.

For the Ukraine-based carrier, oil and gas shipments were "considerably lower" in 2019 than in 2018.

"Short term, we expect the market to perform better within the coming months," Furlonger says. "However, due to a string of uncertainties across different markets, including the volatile geopolitical situation among the main global economic players, we don't expect a substantial growth of the air charter market."

At Rock-It, Martins is more relaxed about the current trade tensions between the US and China.

"We are confident this will be resolved," he said. "As for Brexit, we think it will result in more UK–US trade. Economies are generally getting closer together."

Still, he is leaving nothing to chance. One factor in the recent investment in Triple M was the opportunity to strengthen Rock-It Cargo's position on the Continent — it also has two operations in London.

Triple M is in a strategic location, near Antwerp for ocean freight and within reach of several airports too: Brussels, Liege, Amsterdam, Maastricht and Luxembourg.

"I believe Brexit will work out positively because a good trading relationship is best for all concerned," Martins says. "But that said, we have to make sure everything is going to be okay whatever happens."

The company is planning more investments over the next 12 months. Already strong in South and Central America, it has its sights set on expansion in Asia, the Middle East, Europe, including more development in London, and North America.

Chapman Freeborn, meanwhile, has been expanding its presence in various markets. It announced a partnership with Airbridge International Agencies (AIA) in Ireland in October, for instance.

The broker is also broadening its horizons in other ways.

"We are actually looking into rail transportation," van der Stichele says.

"Several companies transport cargo from China to Europe via rail… and it is becoming more reliable. It may become a semi-project cargo solution, and could replace some airfreight in the future."

However, trains can take 15 days to reach Germany, and goods must be delivered to their departure point in China seven or eight days before they leave. This results in a total transit time that is close to seafreight and so cannot rival airfreight in terms of speed.

Still: "Chapman Freeborn is not afraid to venture into different modes. It's not unusual for us to use barge or ocean freight anyway but we're not into drones yet," van der Stichele concludes.

ENTERTAINMENT

Show time…

Rock-It Cargo works frequently in support of the growing live entertainment sector.

"As countries become more economically strong, people can spend more on entertainment, so artists go into places they might not have visited before," says president, Paul Martins.

"It's not just about the performance and the sound: it's the whole experience. There are backdrops, lighting, sound systems, rigging and so on.

"For instance, in 2018 we worked on Taylor Swift's tour. The airfreight portion of that used the equivalent of six B777Fs to move all the stage equipment."

Timetables for tours are tight, and require co-ordination of trucks, aircraft, show timings – and weather conditions.

"You have to have a plan A, plan B, C, D… The show must go on!"

Rock-It Cargo also provides logistics solutions for theatre productions, filmmakers and television broadcasters. It recently flew an armoured truck and some film sets from Hawaii to Phuket.


You name it, we fly it
cargolux

Dancing to a new tune

Countries across Latin America are facing financial instability, political turmoil and slowing economies leaving planners struggling to find their rhythm. Ian Putzger reports

Flower boxes being loaded

Industry executives in the Latin America region are finding it harder than usual this year to work out their budgets.

"Predictability and planning are tough. You can't plan," says Guido Gries, managing director, Dachser Americas.

In addition to challenging market conditions, the region is confronting planners with political uncertainty, such as the impending change of government in Argentina.

Even in Chile, usually a bulwark of stability in South America, political turmoil is casting a shadow over the economic outlook.

Gries reports that ad hoc business has jumped since the unrest in Santiago began.

"The situation is unstable, even in Chile. You wonder: if Chile is affected, what about the rest?" remarks Andreas von Pohl, head of airfreight, Americas at DHL Global Forwarding.

As for Argentina, he says: "Time will tell. The economy is very fragile. For us it's still important to be there."

Brazil, the region's largest economy, is struggling.

"Brazil has slowed down," confirms Lorena Sandoval, head of cargo sales for Mexico, the Caribbean and Latin America at American Airlines.

Von Pohl notes that the loss of momentum in his company's core verticals, especially automotive traffic, has affected Brazil and Mexico more than the rest of the region.

"We do see declines, especially in the automotive industry," agrees Carsten Hernig, vice-president Latin America & Caribbean of Lufthansa Cargo.

The inbound sector is the big headache, as yields tend to be higher than in the opposite direction, which is dominated by perishables.

Given the stage length, Lufthansa's planes have to be full in both directions, notes Hernig.

The airline can leverage its network to funnel traffic to its westbound departures, but some competitors find it harder to fill their flights to Latin America with decent yields.

Although far from buoyant, the outbound sector has fared better, thanks to perishables.

Andres Bianchi, chief executive of LATAM Cargo, remarks that most markets for perishables have remained robust, either stable or actually expanding.

Salmon from Chile, a year-round commodity, has been a major driver, fuelled to a considerable extent by rampant demand in China.

"2020 is going to be an interesting year," predicts Sandoval.

"We're optimistic because of perishables demand and our network from Latin America to the world."

Lufthansa is going after perishables from Chile.

In mid-November, for the start of the cherry season, the airline was due to add Santiago to one of its Latin American freighter operations, flying twice a week to the Chilean capital.

The operation is open-ended. If the market remains strong, it will continue, says Hernig.

Peru going strong

One market that has been going strong is Peru.

For LATAM Cargo it has been one of the fastest growing in the region.

The carrier launched twice-weekly freighter flights between Lima and Miami in September.

It is also ramping up its lift between Colombia and the US, with 12 more freighter flights on the Bogota-Miami sector being added in increments between September and December.

In part, this makes up for a drop in lift on the sector when LATAM phased out its last B777 freighter.

Hernig observes that a lot of investment has flown into Peru, notably from China, which has boosted exports.

Lufthansa is off-line in Lima, but the market has developed well for the German carrier, which is using interline agreements to feed traffic to its departures from Miami, Panama and Caribbean holiday markets.

In the same vein it supplements its limited lift from Bogota and feeds exports from growing markets in Central America to its network.

"We have a good product with these," he says. "If it continues to grow like that at some point we may have to think about other options, like putting in a freighter or some other solution."

American is also using interline arrangements to supplement its lift out of Central America and — at peak times — from Colombia and Ecuador.

This year it has not changed its footprint in the region, but next year it will boost flights from Miami to Santiago, Lima and São Paulo.

After Chile's supreme court ruled out a joint venture between American and LATAM, the latter has moved to align itself with Delta.

Sandoval comments that this development is of greater relevance in the passenger arena.

At this point American is still using lift on LATAM freighters to supplement its own capacity on some sectors.

Neither LATAM nor Delta have commented on the potential for collaboration in cargo, which is unlikely to be a priority for the time being at least.

The former is busy with the preparations for the replacement of its legacy systems with a single end-to-end platform that is scheduled to go live halfway through next year.

Another focus has been the construction of a perishables hub facility at São Paulo's Guarulhos airport.

The 17,620 sq ft building, which is expected to be ready before the end of this year, will boost the carrier's storage capacity at the airport by one third. The existing cooler at the airport is stretched to the limit, according to Bianchi.

He notes that the new facility is meant for transit cargo.

In the wake of the LAN-TAM marriage, the amalgamated airline's belly capacity has become a stronger focus for the cargo division, and Guarulhos is the prime longhaul hub for connections to Europe and North America.

Lufthansa Cargo

Last mile challenges

Ground infrastructure has been a challenge in much of the region.

The situation has improved considerably at Brazil's major gateways, but issues remain, says von Pohl.

"Ground infrastructure is still not where it should be. We want to find better solutions on the ground to differentiate ourselves, to retrieve cargo faster," he comments.

"Over the road, last mile continues to be a challenge," he adds.

This chimes with IATA's assessment, which recently lambasted airport infrastructure in the region as an obstacle for growth.

Airport operators are trying. Montevideo has garnered much acclaim for its pharma handling infrastructure.

It was the first airport in South America to obtain CEIV accreditation.

"We see everybody on the airport side talks pharma," observes Hernig, pointing to efforts in various places, such as Buenos Aires and São Paulo.

"There is activity, but it's not there yet. We're moving in the right direction," he says.

Dachser is planning to get CEIV Pharma badges in Mexico and Brazil.

"Pharma is on our radar, but it's an evolutionary process. If you don't do it right, you burn your name in the market," remarks Gries.

Hernig notes that pharma traffic has a heightened need for fast and smooth data flow and supporting mechanisms like e-freight, but this is facing challenges on the regulatory side in the region.

"In most Latin American countries there is a regulatory component. It does not allow us to be as digitalised as we want to be," agrees von Pohl.

In light of market conditions, getting hold of capacity has not been an issue, he reports.

Suggestions that the market might induce freighter operators to cut back in the region do not faze him, as belly lift continues to grow.

"Even if some equipment was parked or reassigned, it would only have a temporary impact," he reflects.

With a few exceptions, such as Avianca starting an A330-200F operation between Bogota and Dallas/Fort Worth, lift has remained largely unchanged. One notable exception has been LATAM, which added one B767-300BCF in September and is due to receive a second before the end of the year.

As the region's largest cargo carrier adds new widebodies to its passenger operations, its capacity on some longhaul sectors is set to rise.

On the Lima-Madrid sector it will replace a B767 with a B787.

"This is not only more capacity for us but also more stable capacity. The B767 is operating at the edge of its range," says Bianchi.

On the other hand, there are adjustments on some sectors in response to weak passenger demand. LATAM has suspended flights to Rome that had been launched only this spring and postponed the start of flights to Munich.

Lufthansa is happy to step into the breach, resuming São Paulo-Munich flights after a hiatus of several years.

It was due to start three weekly flights on the route with A350 equipment on December 1.

On the forwarder side, Dachser has stepped up its presence in the market with the opening of larger offices in Argentina and Chile.

"The business in both Argentina and Chile is expanding and we simply outgrew our offices in these countries," says Gries.

The move into Chile will deepen his company's involvement in perishables. "We will start with the berries — not salmon. That's too complex. You need specialists for that," he says.

He is also looking at trucking transit freight between Brazil and Argentina. "This is developing well in both directions," he remarks.

Von Pohl sees no urgency for expansion at this point: "We have a fairly stable footprint in the region. We continuously evaluate where it may make sense to expand, but for the immediate future I don't see a demand on us to act quickly and decisively."

Multinational forwarders like DSV Panalpina or Kuehne + Nagel have grown their footprint in Latin America significantly in recent years.

Hernig sees a positive impact from such developments.

He explains that larger multinational forwarders can offer access to a global network.

However, he adds that fast-growing local players also have their benefits — they are more nimble.

"The entry of global players can accelerate dynamics in a market. With international players you can do some things, but the importance of regional players remains extremely high," he says. acn

> 'We do see **declines**, especially in the **automotive industry**'
>
> Carsten Hernig, Lufthansa Cargo

DATA HUB

AIRLINE DEMAND

Cargo volumes have fallen for 11 months in a row

Market demand remains weak, IATA reports in its September 2019 figures.

Industry-wide, volumes declined by 4.5% in September year on year. This recent slide, which follows a 3.9% decrease in volumes in August, marks the 11th consecutive month of decline in airfreight volumes. Africa is the only region to report an increase in freight volumes.

According to IATA's figures for September, international freight volumes carried by Africa-based airlines increased by 2.2% year on year, demonstrating the fastest growth in all the regions — although this is down from 8% in August.

IATA suggests that the increased demand in this region is a result of foreign investments into Africa and its strong trade volumes from the Asia Pacific region.

However, with the African airfreight market having a total market world share of just 1.6%, its recent growth is not likely to influence overall trends.

IATA also notes the volatility of the African market, due to its size.

Meanwhile, the association said that geopolitical and economic risks are continuing to impact the global market.

IATA highlights the significance of further disputes between the US and China in September, amid their ongoing trade war.

On September 1, the US applied additional tariffs on goods worth $125bn imported from China.

In response, China added tariffs on $75bn worth of US goods.

However, the US then postponed further tariffs, scheduled for October, to reduce the financial impact that they would have on shoppers during the festive period.

"October's pause on tariff hikes between Washington and Beijing is good news," said Alexandre de Juniac, director general and chief executive of IATA. "But trillions of dollars of trade is already affected, which helped fuel September's 4.5% year-on-year fall in demand. And we can expect the tough business environment for air cargo to continue."

> 'October's **pause on tariff hikes** between Washington and Beijing is **good news**'
>
> Alexandre de Juniac, IATA

Exploring the Asia Pacific region's performance and taking into account other, more local risks — such as the Hong Kong protests; and strict trade controls implemented by South Korea and Japan, against each other, around August-September time — IATA reveals that volumes decreased by 4.9% year on year in September.

In addition, the Asia Pacific region, which has a total market world share of 35.4%, was the first, in November last year, to post a year-on-year decline in volumes when the market first turned.

Known for being a manufacturing and distribution hub, the region has been heavily impacted by the risk factors outlined above.

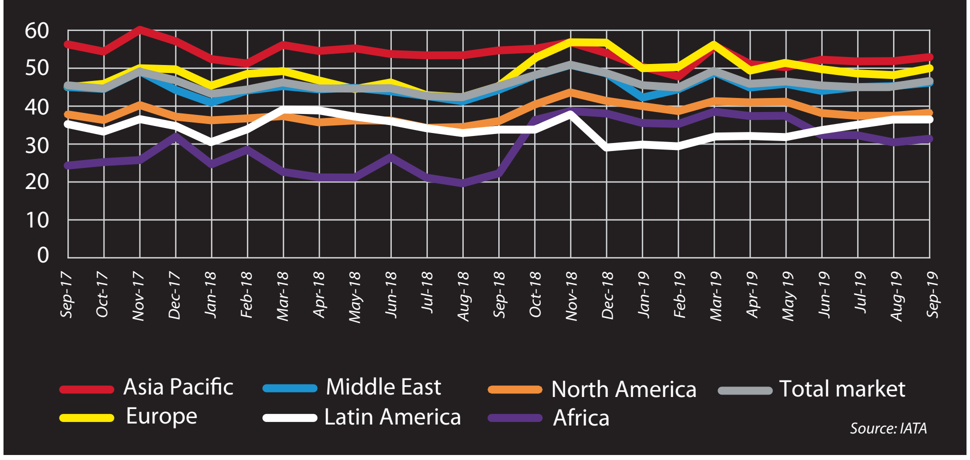
For North American airlines, IATA says that volumes were down 4.2% year on year in September — in line with the 2.4% drop reported in August.

Meanwhile, European airline volumes were down 3.3% year on year in September which, (similarly to North American airlines), is in line with the 3.3% year-on-year decline for the previous month. IATA suggests that uncertainty surrounding Brexit has impacted volumes in this region.

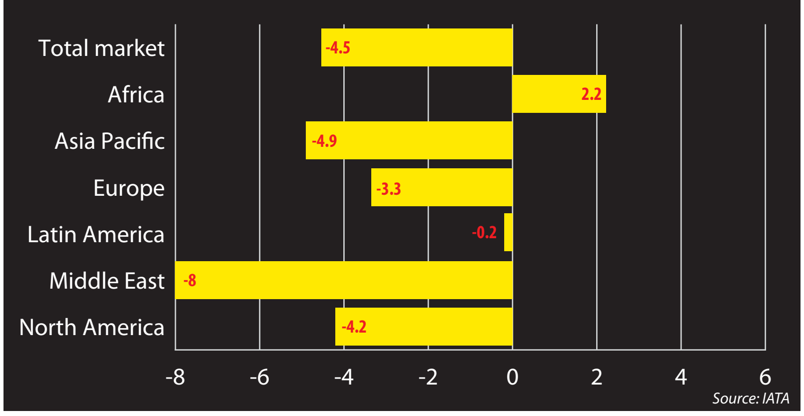
"Removing the regular seasonal volatility in the monthly data gives a different perspective to recent developments," IATA said. "It clearly illustrates the fact that most of the decline in airfreight volumes occurred in late 2018 and early 2019, with the downward trend having plateaued since that time."

More positively, IATA projects that: "If the current trend is continued in the monthly outcomes, the year-on-year growth rate will return to positive territory in the early part of next year."

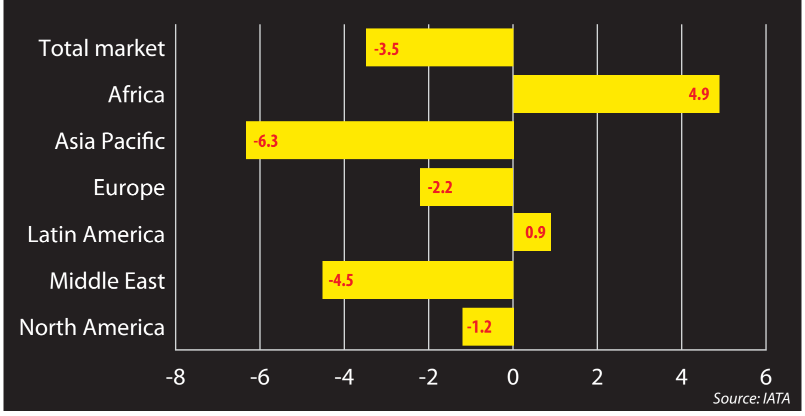
AIRLINE CARGO LOAD FACTORS (%)



FREIGHT TONNE KM YOY (%) - SEPTEMBER 2019



FREIGHT TONNE KM YOY (%) - YTD 2019



AIRFREIGHT RATES

Short-lived peak boosts rates

Airfreight rates on services between Hong Kong and Europe started to pick up in October as a short-lived peak season got under way.

Figures from Tac Index show that in October the average price of services from Hong Kong to Europe reached $2.82 per kg, up from $2.56 in September.

While average prices for the month still lag by 8.7% on last year, there was a sharp weekly increase in prices as the month progressed.

At the start of November, rates were level with a year earlier at $3.20 per kg.

The increase in rates reflects comments from industry contacts that there was a subdued Asia-Europe peak season at the end of October and in November.

Rates on services between Hong Kong and North America did not show quite the same pick-up, although there were also some signs of a slight pick-up in market demand.

Average prices for October stood at $3.49 per kg, which is down 27.3% on the same month last year and five cents up on September levels.

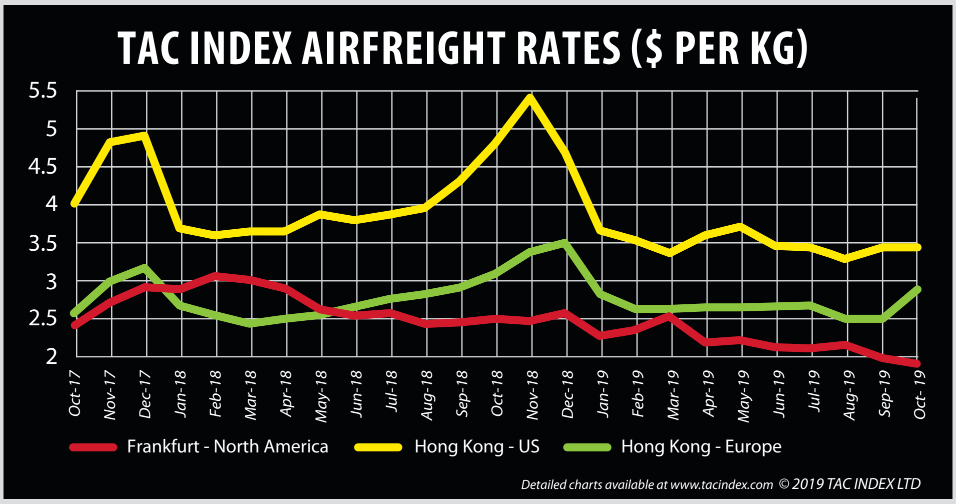
Earlier in October, Cathay Pacific hailed a positive start to the peak season.

"We anticipate that the peak will last into early December," a Cathay Pacific executive said. "Then we and the industry will await the outcome of trade talks between the US and mainland China."

Peter Stallion, derivatives broker at Freight Investor Services, said in October: "Carriers can certainly count their blessings with any sort of price increase on any high-volume lane given the slow and painful cashflow bleed throughout most of the year.

"The spot figures support any assessment that peak season is here, and here to stay for at least the next few weeks.

"However, the confused reaction to trade-war concessions and a 'stable' — if highly depressing — air cargo export market in Hong Kong, despite political unrest, has led to an equally confused forward picture for market participants."



AIRPORT THROUGHPUT

No recovery in sight for freight

September was another tough month for the world's airports in terms of cargo, as trade wars and protests in Hong Kong continued to take their toll on performance.

The world's largest international air cargo hub, Hong Kong, saw cargo volumes for September decline by 5.9% year on year to 406,000 tonnes. However, the airport pointed out that this was an improvement on the 11.5% decline recorded in August.

"Amid continuous global trade uncertainties, cargo volume continued to contract in September," the airport said in a statement.

"However, transhipment saw a significant improvement, with the double-digit decreases in the previous months narrowing to a single-digit 5% decrease in September. Among key trading regions, Japan and India contributed positive growth."

It was not just Hong Kong that felt the pinch: European airports' cargo was also down during the month.

Statistics from Airports Council International (ACI) Europe show that in September cargo volumes declined over a year earlier for the 11th month in a row, as they dropped by 2.8% year on year.

However, this was an improvement on performance over the first nine months of the year, when airports saw cargo volumes decline by 3.1% compared with the same period of 2018.

As in the preceding months, the downturn in freight traffic in September was entirely concentrated on the European Union (EU) market, which dropped by 4.4%, while non-EU airports made "significant gains" of 4.8%.

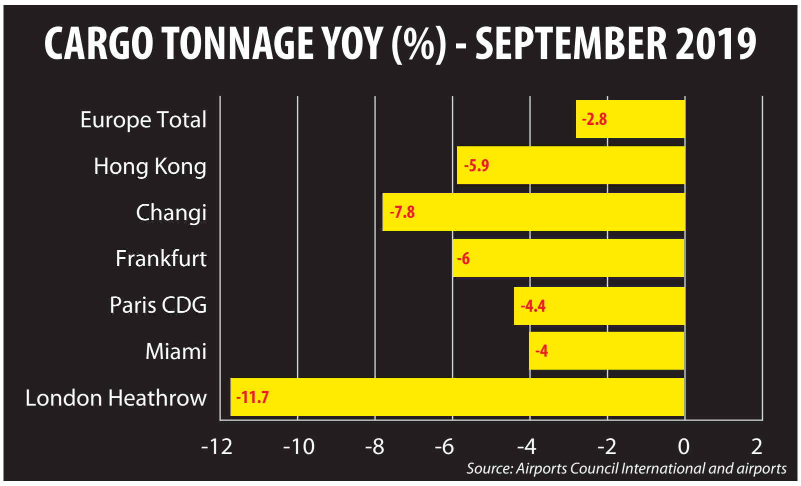
Olivier Jankovec, director general of ACI Europe, said: "The passenger traffic growth dynamic keeps softening, and there is no recovery in sight for depressed freight traffic.

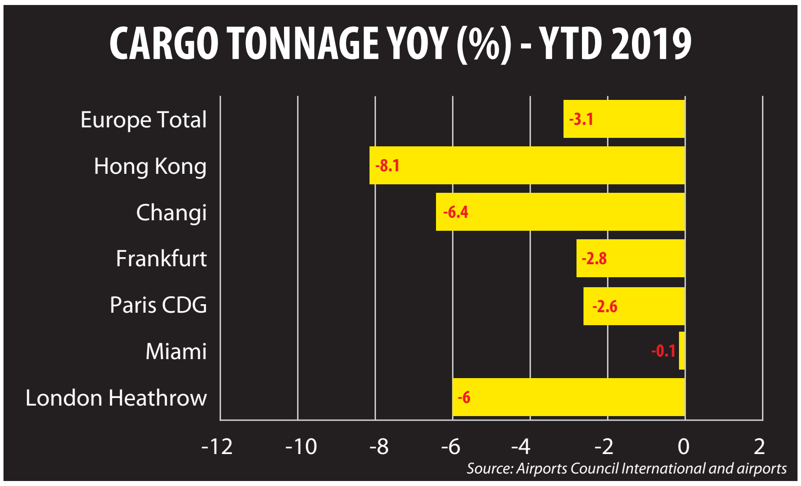
"While these figures [mirror] worsening macroeconomic and trading conditions, they also reflect the fact that four European airlines went bust in September."

Looking at individual airport performance for the month, Europe's largest air-freight hub, Frankfurt, saw cargo volumes decline by 6% year on year to 164,719 tonnes, Paris CDG recorded a 4.4% drop to 153,000 tonnes and Amsterdam Schiphol was down 6% to 136,819 tonnes.

In North America, Miami International Airport saw its performance worsen as September's cargo volumes declined by 4% year on year to 177,535 tonnes.

Over the first nine months of the year, the Florida hub was 0.1% behind the same period a year previously at 1.7m tonnes.





CONTAINER SHIPPING

Signs of recovery ahead

The container shipping market showed some signs of a recovery as the sector headed into December.

According to consultant Drewry, spot market freight rates are "currently enjoying a resurgence", with its composite price index of major east-west trade lanes increasing by $210 per 20 ft (teu) container over a two-week period.

This comes towards the end of what has been a "mostly disappointing year for ocean carriers".

However, Drewry said this improvement was down to carriers removing capacity from service.

"The current freight revival is unlikely to have come from an unexpected demand boom," the consultant said.

"Volumes were moribund in the third-quarter peak season and judging by the continued heavy use of [cancelled] sailings by carriers that situation hasn't changed dramatically.

"Instead, it is changes on the supply side that are driving the upwards momentum.

"The idle [container ship] fleet has skyrocketed with just over 1m teu, or 4.5% of the total cellular fleet, out of action as of the first week of November.

"That represents an extra 400,000 teu added to the inactive fleet in one month, which can be attributed to more ships being sent to dry-dock for exhaust scrubbers in readiness for the new International Maritime Organization (IMO) 2020 low-sulphur fuel regulations.

"A bigger idle fleet does not automatically produce higher freight rates. The idle fleet percentage was comparably high in March, but as this coincided with a Chinese New Year-related lull in demand, it merely helped to raise the floor for prices rather than push the ceiling.

"This time, however, it appears that demand is sufficiently strong that similar supply-side reductions are translating into more positive utilisation and freight rates."

Drewry said that shipping lines are also in the process of adding surcharges to cover the cost of the IMO regulations and this is also boosting prices.

Elsewhere, freight forwarder Flexport also noted that the removal of ships from services is starting to impact prices and space availability on certain trade lanes.

The forwarder said that on services from Asia to the US west and east coasts capacity is tight, with containers being rolled — not taken on the service they were booked on — in certain regions as a result of cancelled sailings.

On services from Asia to Europe space is limited, yet Flexport is expecting a reduction in capacity through cancelled sailings, creating further space issues.

The company also reported a tightening of space on transatlantic services to both the US east and west coasts.

Looking ahead to next year, the world's biggest container shipping carrier, Maersk Line, said that the weakening of global confidence "reduces the likelihood of a growth pick-up in 2020".

"The modest container demand growth reflects the continued slowdown in global manufacturing and global export orders," it said when announcing its third-quarter results.

"In 2020, global container demand is projected to grow by 1-3% versus 1-2% in 2019. The continued weakening of global sentiment, above all in the manufacturing sector, reduces the likelihood of a growth pick-up in 2020.

"Aside from the cyclical slowing of the global economy, the main risks to global container demand relate to the US-China trade negotiations.

"Other risks to the outlook relate to the effectiveness of fiscal and monetary stimuli in major economies, such as the US and China."

PEOPLE

Emirates' new SVP commercial operations Far East

Orhan Abbas

Emirates has appointed Orhan Abbas as its new senior vice president for commercial operations in the Far East.

Abbas commented: "The potential for growth within the Far East region looks very promising. I look forward to broadening our business and expanding our commercial footprint in these markets."

UPS China announces new president

Michelle Ho

Michelle Ho has been appointed as president of UPS China.

Ho has 26 years of experience working in the logistics industry and she was previously president for the South Asia district of UPS Asia Pacific. Succeeding Harld Peters, Ho will now lead UPS's small package and business planning operations in China.

Etihad names SVP global sales and distribution

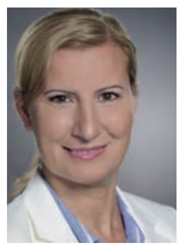
Duncan Bureau

Etihad Aviation Group has named Duncan Bureau as its new senior vice president global sales and distribution.

With more than 25 years' experience in the industry, Bureau is a well-known figure in the aviation sector. His most recent role was president at Air Canada Rouge, the low-cost subsidiary of Air Canada.

Imperial Logistics appoints new HR officer

Muazzez Anadolu Dindar



Imperial Logistics has announced its new chief human resources (HR) officer Muazzez Anadolu Dindar.

Dindar, who has 13 years of experience in HR, will be responsible for all HR matters throughout Imperial Logistics' global business that comprises 9,000 staff.

QUOTE OF THE ISSUE

'The only way you make a difference is with your **people** – it is how customer-centric you are, it is how you behave, it is your **flexibility**, it is your **agility**'

Guillaume Halleux, Qatar Airways Cargo

AIR CARGO NEWS AWARDS 2020

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Nordic *February 2020 issue*
Advertising bookings required by 3 January 2020

Flowers *February 2020 issue*
Advertising bookings required by 3 January 2020

Perishables *March 2020 issue*
Advertising bookings required by 29 January 2020

GSSAs *March 2020 issue*
Advertising bookings required by 29 January 2020

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