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AIRLINES

Passenger aircraft move into cargo operations

In an unprecedented move, a number of airlines are offering their idled long-haul passenger aircraft for cargo-only operations.

The move comes as swathes of passenger aircraft have been grounded due to low demand caused by Covid-19 creating a shortage of cargo capacity.

Lufthansa, LATAM and Austrian Airlines have even lashed cargo to passenger seats in order to meet the demand.

Other companies offering up their passenger aircraft for cargo charter include, IAG, LATAM, United, Delta, American, Turkish, Air Canada, Aeromexico, Swiss, Air France KLM, Cathay Pacific, Scoot, Korean Air, Virgin Atlantic, Etihad and more.

IATA global head of cargo Glyn Hughes explained that the air cargo industry was facing a capacity shortage as a result of passenger planes being grounded due to the coronavirus outbreak.

He said that passenger aircraft usually carry around 45-50% of the world's air cargo.

Cargo lashed to seats on board a passenger A330

However, more than 1m flights will have been cancelled by the end of June, removing a large chunk of capacity from the market.

"We have been very impressed in the way that airlines have responded, making their passenger aircraft available for cargo-only flights and this is helping as much as possible to shore up the capacity shortfall to help to move these critical medical and other supplies around the world."

As *Air Cargo News* went to press, airfreight rates on Asian routes were increasing rapidly and the transatlantic was also showing signs of picking up as more travel restrictions were being announced, resulting in more aircraft being grounded.

Hughes said that IATA was expecting cargo traffic in freight tonne km terms to decline by around 15-20% this year. He pointed out that in February traffic was around 10% down and at that stage it was largely only traffic from China that was being affected.

Hughes said that demand for automotive and electronic products had dried up.

Meanwhile, demand for medical supplies, e-commerce and perishables was increasing.

AWARDS

New date revealed for ACN Awards

The *Air Cargo News* team has made the difficult decision to postpone this year's awards to October 16 in response to the coronavirus outbreak.

Meanwhile, we will also combine the May and June print editions into a single issue.

The moves come as several new travel bans and restrictions on large gatherings have been put in place.

Businesses in the aviation industry are being placed under extreme financial pressure as a result of the outbreak.

Air Cargo News publisher Mark Pilling said: "The air cargo industry — and the wider world — is facing an unprecedented challenge that it needs to face head on. We are reorganising the awards for later in the year, at a time the industry can begin to once again look forward."

The *Air Cargo News* team has, however, taken the decision to cancel this year's conference in light of the travel restrictions.

Award winners will be announced at the rearranged event.

Please contact: events@aircargonews.net if you have any questions.


TURKISH CARGO

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DATA HUB

CONTAINER SHIPPING

AN-124 INSPECTIONS:
Ukrainian authorities have ordered Antonov An-124 operators to inspect engines on the type after an uncontained powerplant failure. An-124s are fitted with Ivchenko-Progress D-18T engines, as is the sole example of the An-225.

CRIME BUSTERS:
Cargo thefts from supply chains in Europe, the Middle East and Africa (EMEA) more than doubled to 8,548 incidents in 2019 with a loss of product worth more than €137m, according to the Transported Asset Protection Association.

STORAGE SOLUTION:
Supply chain management company Ligentia has launched an inventory relief programme offering businesses free storage, while space is available, in its Chinese warehouses for up to four weeks.

DRONES LAUNCHED:
Drone Delivery Canada's (DDC) drone delivery project with DSV is now operational. DDC expects multiple subsequent inbound/outbound commercial routes for DSV's customers with time-sensitive cargo.

NEW PLATFORM:
Cargoguide has unveiled its new online rate management platform. The search engine enables users to compare airfreight rates.

REGULATIONS

Call to hold off restrictions

IATA and TIACA have appealed to governments and regulators across the globe to hold off on implementing restrictions that could bring supply chains to a stop.

IATA took the lead on the push, urging governments to exclude air cargo operations from any coronavirus-related travel restrictions, to ensure life-saving medical products can be transported without disruption.

The organisation also called for air cargo crew members, who do not interact with the public, to be exempt from 14-day quarantine requirements; support temporary traffic rights for cargo operations where restrictions may apply; and remove economic impediments, such as overfly charges, parking fees and slot restrictions to support air cargo operations during these unprecedented times.

Alexandre de Juniac, IATA director general and chief executive, explained: "More than 185,000 passenger flights have been cancelled since the end of January in response to government travel restrictions.


Alexandre de Juniac, IATA

"With this, vital cargo capacity has disappeared when it is most urgently needed in the fight against Covid-19.

"The world's fleet of freighter aircraft has been mobilised to make up this capacity shortfall.

"Governments must take urgent measures to ensure that vital supply lines remain open, efficient and effective."

TIACA was also battling to ensure air cargo supply chains keep moving, including writing to the Somalian government, which temporarily put restrictions in place on cargo flights.

TIACA said that the air cargo industry has a decisive role to play in the fight against the outbreak and the industry's voice must be fully heard by regulators and governments.

This is why TIACA has joined the ICAO Technical group on joint actions related to Covid-19.

"TIACA sees its role in the ICAO Technical Group as using ICAO's mechanism to reach out to governments and remind them that air cargo is a significant contributor to the global economy and international trade and that it plays a very important role in preventing and battling the disastrous effect of coronavirus," said Vladimir Zubkov, TIACA secretary general.

AIRPORTS

Airports up cargo capacity during crisis

Heathrow and Schiphol airports have upped their cargo capacity in response to the coronavirus outbreak.

Both airports said they would open up slots to freighter operators as they braced for a surge in cargo shipments.

Frankfurt Airport, meanwhile, said that it would not put any limits on access to its cargo facilities.

Heathrow chief executive John Holland-Kaye said: "For the first time in a decade, our airport has additional capacity in its schedule, which we've begun to see used to push supplies across the globe to support frontline teams in the battle against this pandemic."

Bart Pouwels, head of cargo, Amsterdam Airport Schiphol, said: "In these difficult times, it is important that we work together to ensure that the supply chain keeps moving."

EDITOR'S COMMENT

Damian Brett

Air cargo to the rescue

I didn't think that in 2020 I would be writing about the launch of the Dreamliner freighter, but I am.

The spread of Covid-19 has had a devastating effect on the aviation industry, forcing airlines to ground swathes of aircraft as passenger demand has collapsed across the globe.

However, the air cargo industry has — so far at least — been a silver lining.

Demand has continued at such a decent clip that passenger airlines have even been deploying their redundant aircraft as makeshift freighters — everything from Dreamliners to B777 and B737s are being offered up for charter operations to keep supplies moving.

Charter brokers and those flying freighters are also finding themselves in demand as the industry figures out ways to keep the world moving without the belly capacity that supply chains had become so reliant on.

With demand outstripping capacity, airfreight rates have also been on the ascendency. The crisis demonstrates the importance of air cargo to the modern world — without aircraft, food and medical supplies would take weeks to transport across the world.

But how long will cargo demand last?

A few weeks ago it was the world's manufacturing powerhouse that had gone into quarantine, now, however, it is the world's main consumption centres that are being affected.

If people are stuck at home and aren't going out and spending money, it has to be questioned whether demand will begin to tail off and if so, for how long? Also, will the addition of bellyhold capacity back into the market take its toll on load factors over the coming weeks?

There will, of course, be high demand for certain products, but will this will be enough for the air cargo industry to continue to be the silver lining for aviation that it has been over the last couple of weeks?

FORWARDERS

More charter flights to beat capacity crunch

Freight forwarders are operating an increased number of charter flights in a bid to fight the coronavirus-related capacity crunch.

Since late February, DSV has been operating a B747-8F service three times per week, east and westbound, between Huntsaville in the US and Shanghai in China.

Meanwhile, Dachser Air & Sea Logistics expanded its existing Frankfurt-Shanghai freighter operation with the addition of flights in Latin America from March 16 until the end of the month.

The forwarder also added flights from Frankfurt to the US, with a service to Chicago starting on March 20.

Timo Stroh, head of global airfreight at Dachser, explained: "We are ready for whatever happens on the airfreight market in the coming weeks, and fully appreciate being in a position to tackle the challenges of the future today."

In France, Paris-headquartered freight forwarder Bolloré Logistics also launched freighter flights from China to Europe in order to meet demand.

Theres is a demand for freighter operations to and from China

The company said the B747F flights between Shanghai and Luxembourg started in early February and were due to end in early April.

In total, the forwarder planned to operate 11 flights, but it said that it was likely to continue the programme in April.

"We will monitor the evolution of the situation," Bolloré said.

CEVA Logistics contracted 86 freighter flights to deliver parts and supplies to its customers in the automotive, aerospace, computer and hi-tech electronics sectors.

The majority of flights served routes between Asia (Hong Kong, Shanghai, Bangkok and Singapore) and the US (Dallas, Rockford and Rickenbacker).

Other charters covered European cities, such as Amsterdam and Brussels.

At the time of writing, CEVA had already operated more than 58 flights to transport more than 7,700 tonnes of airfreight.

Guillaume Col, CEVA Logistics' chief operating officer, commented: "We are striving to offer fast and accessible alternatives to our clients throughout the world in order to help keep the global economy moving."

FINANCIALS

DP DHL takes €70m Covid-19 hit

Deutsche Post DHL took a €70m hit on its operating profits in February as a result of the coronavirus.

Group-wide, the negative impact of the coronavirus crisis on earnings before interest and tax (ebit) amounted to around €60-70m for the month of February, compared with the initial internal planning.

Chief executive Frank Appel said: "Deutsche Post DHL Group had a very good year 2019 and a successful start to 2020 in January.

"Thanks to our broad geographic set-up and our comprehensive portfolio we are more resilient than other companies.

"However, a worldwide crisis like the coronavirus does not leave us unaffected. It is currently hard to judge how strong the impact on our business will be."

Reflecting on current market conditions, implications for the group results for full year 2020 "cannot be currently concretely assessed", the company said.

PUTZGER PERSPECTIVE

Ian Putzger

Time to leave your options fluid

Marshall Blücher, one of the victors of the battle of Waterloo, reportedly said of his French adversaries that their plans were like intricate webs to trap their opponents, but in danger of unraveling if something went wrong. For his part, he preferred simpler structures so that he could simply tie a knot and get on with the job if a string was cut.

The rapid spread of the Covid-19 virus has torn a lot of elaborate structures to shreds, notably flight schedules and timetables to get goods to market.

Somewhat ironically this disruption has occurred just at a time when more and more forwarders are embracing automation to ward off competition from digital rivals.

Digital offerings and automatic booking and pricing functionality are beginning to find traction outside the sphere of the large multinational logistics behemoths among mid-sized forwarders who have traditionally emphasised their flexibility and highly personalised service.

Suddenly booking a shipment with the click of a button has become a lot more difficult, as large chunks of capacity disappear at short notice.

Given the large share of bellyhold lift in total airfreight capacity, this is leaving massive holes in supply chain networks, especially on sectors that rely heavily on belly lift.

Meanwhile, freighter operators are frantically juggling their assets to obtain maximum utilisation and yields.

This frenetic scramble is exacerbated by the fact that everybody expects the capacity shortage to be short-lived, but nobody knows when it will end.

The only thing that seems clear is that belly capacity is not going to get back to normal at the flip of a switch. Passenger airlines will be slow to ramp up their schedules again.

In this situation the traditional qualities that SME forwarders have invoked like a mantra — flexibility, experience and personal attention to their clients — are critical.

Experience and good contacts to airlines can secure lift where digital channels show only options at prohibitive costs or none at all.

Suddenly the tables are turned and digital outfits find themselves on the defensive.

It would be fatal, however, to conclude from this that the traditional model prevails. This is not a time for complacency.

The industry is faced with an

> Suddenly booking a shipment with the **click of a button** has become a lot more difficult, as **large chunks of capacity disappear** at short notice
>
> Ian Putzger

exceptional situation that will not last.

In the long run forwarders need to have both options — the ability to tie a quick knot and get on with it and the capacity to weave more complex arrangements.

EXPRESS

FedEx cancels 2020 outlook and warns of capacity crunch

FedEx has cancelled its outlook for 2020 and has warned that airfreight capacity on the transatlantic will come under pressure.

When announcing its third-quarter results, the express giant said that the unpredictable nature of the market — as a result of the coronavirus outbreak — meant it would not provide an outlook for fiscal 2020.

"We are suspending our fiscal 2020 earnings forecast for our consolidated and segment results due to the uncertainty caused by the coronavirus pandemic," said Alan Graf, FedEx Corp executive vice president and chief financial officer.

Meanwhile, FedEx is expecting the cargo capacity crunch being experienced on services to and from China to spread to the transatlantic, as belly-hold capacity is removed from this market.

Brie Carere, executive vice president, chief marketing and communications officer, said: "With the urgent need for stock replenishment and with air capacity shortage in the market, we believe demand will stay elevated. We continue to adjust transit times and spot prices specifically for China outbound to manage demand profitably.

"What started as a relief and recovery effort in China now unfortunately is global. The recently-implemented travel ban between Europe and the US is expected to impact cargo capacity significantly since approximately 60% of the airfreight capacity between Europe and the US are on passenger flights.

"We are now employing the same strategies in other parts of the world that have helped us manage demand and capacity constraints in China, including transit time extensions, dynamic spot price management and will also leverage peak surcharges for specific lanes and periods of time as they are required."

FedEx predicts capacity crunch

On intra-Europe, meanwhile, FedEx said it would continue to run its air and ground networks, but it is adjusting its network and extending some transit times due to lockdowns.

Looking at fiscal third quarter financial performance, revenues increased by 2.9% to \$17.5bn, operating income dropped by 54.9% to \$411m and net income was down 57.4% to \$315m.

ULDs

VRR upgrades its inflatable AKE container

VRR has unveiled an updated design for its inflatable AKE container with several improvements.

VRR had planned to showcase the Air7, which it believes will be certified by the third quarter of 2020, at the now postponed IATA World Cargo Symposium (WCS).

A prototype of the inflatable AKE, named the Air5, was revealed at last year's WCS and the container design also won the interDESIGN excellence award at Inter Airport Europe 2019.

Like the prototype, the Air7 can be inflated in seconds and collapsed in less than two minutes by two people.

However, the Air7 also has improvements over the prototype, such as being weatherproof and having a lower folding height.

Going forward, VRR will incorporate new features into the Air7, such as a fire resistance and a thermal cover, its developers said.

The company said: "A container that can be collapsed… and then stacked seven high on a lower deck is a game changer."

SHIPPER SPOTLIGHT

Zoe McLernon

Sustainability vs airfreight growth

As the UK carves out its global trading ambitions post-Brexit, airfreight will play a vital role in moving goods between the UK and its international trading partners.

But with many key airports already operating at peak capacity for cargo services, expansion is vital.

I've previously written about sustainability in air cargo, but what do we do when sustainability targets begin to affect the sector's growth?

As the UK's largest hub airport, Heathrow accounts for 40% of the UK's non-European Union (EU) trade by value and is an example of an airport that has been operating at peak capacity for freight for many years. Research conducted by Heathrow and the Centre for Economics and Business Research (CEBR) shows that in 2019, the total value of trade passing through Heathrow to and from destinations outside the EU and Switzerland was £140.9bn, up considerably from £109.5bn in 2018.

The construction of a third runway at the airport is, therefore, vital to achieve the UK's global post-Brexit trading ambitions.

However, with the High Court's recent ruling that Heathrow's plans are in contravention with the Paris Agreement on climate change, its future remains uncertain.

Earlier this year, Stansted's planning application for expansion was also refused; it is that clear sustainability targets are beginning to affect the sector's ability to meet growing demand for air cargo services. FTA and its members are becoming increasingly anxious that planning applications for all expansion projects — in the short term, at least — will be rejected owing to environmental concerns.

I do, however, have faith that rapid improvements in aviation fuel and engine technology will transform the sector's environmental impact.

And, with new campaigns such as 'Sustainable Aviation', greener aircraft and noise measures being put in place and we, as an industry, need to talk with one voice and highlight the positive steps we are taking to make the industry greener. Furthermore, like many airports, Heathrow can combine passengers and cargo within the same aircraft, making its global trade routes viable and efficient; 95% of all trade passing through the airport is carried in the belly hold of passenger planes.

> 'What do we do when **sustainability** targets begin to **affect** the **sector's growth**?'
>
> Zoe McLernon, FTA

As we enter the next phase of the UK's departure from the EU, airport expansion is vital to keep Britain trading; we believe this can be possible while remaining sustainable.

Zoe McLernon, multimodal policy manager, FTA

CARRIER

Air Cargo Global closes its office in Frankfurt

Freighter operator Air Cargo Global (ACG) has dismissed reports that it has ceased operations.

The Bratislava-headquartered charter airline said that for various reasons the decision has been made to restructure the organisation, including the closure of its office in Frankfurt.

However, it added that it has no intention of entirely ceasing trading.

"ACG, its officers and promoters continue to strongly believe that a cargo airline in the European Union (EU), within Slovakia, remains a highly viable proposition," the carrier said.

The restructuring of the company is expected to be finalised by April 2020.

"Any statements or media releases stating that ACG has or intends to completely close its business, operations or licenses are grossly inaccurate," it added.

The carrier operates three Boeing 747-400F aircraft, offering ACMI and charter services with its own Air Operator Certificate.

FREIGHTER

Turkish Cargo expands flights

Turkish Cargo is expanding operations to support coronavirus relief efforts, while it has also launched a new freighter service to Linz in Austria.

The airline said it had added an extra 14,500 tonnes of capacity to and from Turkey through an additional 167 cargo flights.

This includes operating cargo flights with Turkish Airlines' passenger aircraft in addition to its 25 freighters.

The first of its passenger cargo flights took place on March 20 using a B777 aircraft on the Istanbul-Kiev route.

Other flights are planned for Bucharest, Tel Aviv, Amsterdam, Heathrow, Paris CDG, Amman, Beirut and Dubai.

"Turkish Cargo continues its mission to act as a bridge that transports the much-needed medicine and medical equipment," the carrier said in a statement.

Meanwhile, the airline is also launching a new freighter service to Linz Airport.

The service will be operated on a rotation of Istanbul Airport — Billund Airport — Linz Airport (ISL-BLL-LNZ).

Turkish Cargo said it is the only all-cargo operator to fly to Linz, which is its 90th cargo destination and its second cargo destination in Austria, following Vienna.

The carrier said that the Austrian city is located at "the junction point" of Europe and that it has a range of shipping and transportation capabilities.

"The Linz destination is not only a key city in terms of culture and tourism, but it also shines with its export potential and is called as the industrial region of Austria," Turkish Cargo said in a statement.

Turkish Cargo is expanding quickly and aims to operate flights to 120 direct cargo destinations by 2023.

Evolving FTA plans for multimodalism

Freight Transport Association has decided to rebrand to raise its profile with politicians, media and the public, as well as ramping up its presence in the air cargo industry, writes Damian Brett

The Freight Transport Association's (FTA) chief executive, David Wells, has just celebrated his 10th anniversary with the UK-based logistics organisation.

Wells joined FTA in 2009 in the role of finance and facilities director before moving up to managing director of finance and operations in 2013 and then chief executive in 2015.

Previously, Wells worked in various finance and consultancy roles in the aviation, engineering and construction industries – to name a few.

Wells was also company secretary at transport charity Transaid for a year, starting late 2012.

During his time at FTA he has seen the organisation – and the industry – evolve rapidly, but not wanting to rest on its laurels, the association has some big plans for the coming year.

Level of influence

Since taking up the chief executive role at FTA, membership numbers have grown by 22% to just over 18,000, something Wells attributes to the organisation's level of influence.

"Our mission is always to achieve more for our members and I have worked closely with the team to ensure we are representing the needs of those we represent at every level of government and industry.

"Our policy team, which now numbers more than 30 people, is one of the most influential of any business group, with contacts at all levels of government.

"The personal relationships they have developed with opinion-formers on all aspects of transport and logistics have enabled us to drive more than 70 quantifiable policy wins – on topics ranging from infrastructure to regulations, recruitment, the environment and the future shape of the industry – in the past year alone."

One major initiative planned for this year is a rebranding, as FTA changes its name to Logistics UK in May.

'Our policy team, which now numbers more than 30 people, is one of the most **influential** of any business group, with contacts at **all levels of government**'

David Wells, Freight Transport Association

Wells says the rebrand is driven by the need to raise the organisation's profile among politicians, the media and the general public.

"I've said to our members we will be the same organisation doing the same things in the same professional way as before," he says.

"We want to simplify our name so that it does what it says on the tin in order for us to increase our profile."

Natural progression

He adds: "This is a natural progression in our name, which has been underway for several months already.

"Evolving our name is not something that I or the board take lightly, but it's something that we believe is essential if FTA is to continue to grow and achieve more for its members in a fast-changing world."

Another major consideration behind the rebranding is the industry's move towards multimodalism. Wells hopes the new name will reflect this development.

"The industry itself is becoming much more integrated and more modal agnostic," he explains.

"Operators are much more focused on getting a product to where it needs to be at the right time and at the right price no matter the mode, rather than specialising in a particular type of transport.

"Reflecting that, the UK government is increasingly saying it would like to have a holistic view of transport across all modes."

He points out that the UK has created a new ministerial role –minister of state for the future of transport – to oversee the development of the logistics sector in the country.

"This is another example of how the world around us is changing and why evolving our name now will help us to strengthen our voice and our influence," Wells says.

"FTA is really well known and respected in the industry, but increasingly it's the people outside our sector, like politicians, young people, who may never have considered careers in our sector, and journalists who will be critical to us achieving even more for →

FTA aims to increase its air cargo representation

members," he adds.

"It is vital in today's fast-paced media environment that those stakeholders quickly understand who we are and what we do.

"We need to continue to raise our voice in the media, to give us extra strength with government, and our name is an important part of achieving that."

To help expand the organisation's reach, FTA has also set up a supply chain and warehouse consultancy service, and it has recruited a customs expert.

This helps fill a "gap in our portfolio" Wells says, with the experts from these areas able to impart advice and guidance to members, provide thought leadership and a greater understanding of the sectors.

So far, members have welcomed the name change and told the organisation to "get on with it", Wells says. There has only been one member that wasn't too keen on the new name, he adds.

The organisation has also been ramping up its presence in air cargo over the past two years and is hoping to attract new members from the industry.

Explains Wells: "We have brought an air cargo training company, we have expertise in dangerous goods by air, we run general security training, we have staff with expertise in airside, we want to sell services to air cargo in the same way we sell to road and we are increasing our policy activity in air cargo.

"I would encourage air cargo members to get stuck in and engage with us. We think that with Brexit, air cargo is going to become even more important and therefore we should be strategically increasing our influence in the area."

It is not just a change of name and a push in air cargo that has been keeping FTA busy over recent months.

Post-Brexit

The organisation – along with the UK's other transport groups – has been campaigning to keep post-Brexit border friction to a minimum and is also championing the development of a third runway at Heathrow Airport.

"We argued very heavily for a third runway at Heathrow on the basis of its importance as an air cargo hub – the argument is even stronger if you want to make UK plc a global trading centre following Brexit," Wells says.

The development of the third runway was recently dealt a blow when the UK Court of Appeal ruled that the plans are unlawful because they do not take into account government commitments relating to climate change.

The ruling addressed a challenge – brought by a number of local authorities, the mayor of London, Greenpeace, Friends of the Earth, and Plan B Earth – to the UK government's Airports National Policy Statement (ANPS), which was designated in mid-2018.

The UK's Planning Act requires that the policy set out in the ANPS "must include an explanation of how the policy takes account of government policy relating to the mitigation of, and adaptation to, climate change", the judgement explains.

The appeal court has ruled that the failure of the policy to address those issues "is legally fatal to the ANPS in its present form".

Following the decision, the government announced that it would not launch an appeal – something that Wells says did not comes as a surprise – although Heathrow Airport will attempt to have the decision overturned.

Climate obligations

Wells says that consent for a third runway had always been contingent upon climate obligations.

"With the advancements in aviation technology and fuel technology, we are confident that Heathrow can demonstrate that it can meet those climate obligations," he says.

"We will urge the government to press ahead with the third runway, although we know that it has no plans to appeal, and will stress the importance of the project for the UK economy.

"We will also support Heathrow, where we can, to appeal the decision and get its case heard.

"We remain quietly confident that Heathrow can meet and overcome the objections, and that the programme can press ahead."

An interview with FTA wouldn't be complete without an update on its campaign to make the UK's post-Brexit cross-border relationship with the European Union (EU) as frictionless as possible.

In January, the UK government confirmed that there would be no extension to the transitional period.

This means the UK will implement import controls on EU goods at the border from December 31.

Wells outlines FTA's Brexit focus since the start of the year: "We are trying to educate the government on what the result of any friction will be so that they are motivated to reduce that friction as much as possible."

FTA has sent the government its "six key asks" for the negotiations and also issues a weekly update on

NEXT AIR CARGO NEWS INTERVIEW **CLIVE, NIALL VAN DE WOUW** any items that it feels the government needs to take into consideration.

"Over the first two months of the year there were not many developments, but we are starting to see a bit more progress of late," Wells says.

"Michael Gove [occupying a ministerial role with responsibility for advising the prime minister on Brexit policy] knows the country needs to prepare and that we can't leave this until December 31."

Fulfilment

Looking back on the last 10 years, Wells says that his time at the FTA has been fulfilling from both a personal and professional point of view.

"Our work has brought logistics to the forefront of many people's minds," he says.

"In that time, the industry has changed beyond all recognition – when I started at FTA, things like autonomous and electric vehicles were in their infancy, while the idea of drone deliveries was a thing of imagination, yet now they are accepted as part of our supply chain.

"I am incredibly proud of what we have achieved as an association in the last decade, but am now looking to the future to ensure that we continue to shape the industry of tomorrow, and get the best possible results for our members." acn

From May, FTA will be recognised as Logistics UK

FACT FILE

◆ FTA is the only business group in the UK that represents all modes of logistics, with members from the road, rail, sea and air industries.

◆ Members also include buyers of freight services, such as retailers and manufacturers whose businesses depend on the efficient movement of goods.

◆ FTA campaigns on issues including aircraft noise rules and regulations; climate change and air quality; supporting greater access for freighters to current airport and airspace capacity.

Air cargo invests in pharma logistics

A booming global pharmaceutical market requires a closely regulated supply chain and carriers are investing heavily to meet demand, writes Roger Hailey

The global pharmaceutical market was valued at $1.3trn in 2019 and it is expected to grow at 3-6% per annum, exceeding $1.5trn by 2023, according to a report by the IQVIA Institute.

Better medicines mean that people are living longer, and a growing middle class with money to spend on healthcare, especially in China and India, has seen pharma logistics become a yield sector for airlines, airports and forwarders.

The rapid spread of the coronavirus, together with the intense efforts under way to find a vaccine, is a salutary reminder that however advanced our pharmaceutical armoury may be, there is always a need for new medicines.

But in terms of the rapid response from airfreight's pharma supply chain, there already exists a closely regulated pharma pipeline to move medicines around the globe.

Emirates SkyCargo is one of the leading carriers in pharma logistics and it has invested heavily in meeting the demand for transporting life science products around the globe from its Dubai base.

Julian Sutch, global manager of pharma sales for Emirates SkyCargo, says the focus will now switch from Dubai, which has undergone massive investment, to areas such as the carrier's ground-handling partners worldwide.

"There are a number of things, the first of which is how we choose handling partners and how we collaborate with them."

The process has already started and last year Emirates linked up with a new US handling partner, Maestro, at Chicago O'Hare airport, the most important pharma hub outside of Dubai and where the airline has built a new facility for pharma products.

"We had to build something of size and scale in Chicago, so we tied up with a new handler and built a fit for purpose pharmaceutical facility from scratch. First of all, we had to find an airside facility, almost like a miniature Dubai, so our freighters could pull up right outside the door.

"The previous facility was on the airport, but not airside, and so we had to truck everything to and from that facility."

In Chicago, Emirates handled total import and export pharma volumes of 10,000 tonnes in 2019, either on its four-times-a-week freighter service or daily Boeing 777 passenger bellyhold capacity.

Sutch used a pharma customer-launch for the Chicago facility to make the point that Emirates is not just a Middle East carrier, but one with strong transatlantic connections to Europe.

The Chicago freighter, for example, comes from Dubai via Brussels and then returns from O'Hare to Maastricht in the Netherlands, with Jan de Rijk providing a trucking network across Europe, including to →

> 'The **shippers** want to understand how their product is moving and **what we as an industry are doing** to protect those products'
>
> Julian Sutch, Emirates SkyCargo

DHL's pharma hub in San Juan

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Our priority for your pharmaceutical products:
guarantee the highest standards in terms of transport and preservation.

• 15,000 sq.m of temperature-controlled spaces
• Customs facilities open 24/7
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and from Switzerland, a key pharma-manufacturing location.

The strict regulatory environment around pharma goods and the chances that it will get even stricter has seen pharma shippers becoming very interested in observing first hand how the pharma chain operates along each part of the supply chain.

Says Sutch: "The shippers want to understand how their product is moving and what we as an industry are doing to protect those products.

"There are some major pharma tenders out at the moment and the shippers want to see how they can do things differently, as well as how they can interact more closely with carriers and forwarders."

Regulations around pharma transport are expected to become stricter

Stricter regulations

Due to stricter regulations and quality, shippers need to understand exactly how their products are handled, from the minute they are picked up from their factories to the moment they reach the patient.

Many large forwarders now operate specialist pharma divisions to serve the expanding global life sciences market.

LifeConEx started as a joint venture with Lufthansa Cargo and DHL in the 2000s, and in 2012 became wholly owned by DHL. It reports into the global forwarding division, with annual revenues from pharmaceutical shipments of around €360m.

Patricia Cole is the managing director, same day and LifeConEx, for DHL Global Forwarding.

She has also seen increased interest from pharma shippers in how the temperature-controlled supply chain functions.

"Yes, absolutely, because more customers want to make sure that not only are the airline carriers good distribution practice (GDP) compliant, which is absolutely critical, but they also want to know more about how and where the cargo is going to be stored and handled, from a temperature-controlled perspective.

"So, for example, do they have a secure cold room and what are the temperature ranges?

"At DHL Global Forwarding the temperature management solutions team sponsor a care awards programme every year, which are given to the airlines that have the highest level of commitment to pharmaceutical products."

LifeConEx conduct audits at the various airline stations handling pharmaceuticals, something that "goes a long way to make your customers feel a bit more confident about the handling of products".

Some shippers appear to be focusing on the destination rather than the origin point of the pharma supply chain, on the basis that the further along you are, the less visibility you have in regions where there are huge differences in climate.

But LifeConEx is finding that its shipper customers are looking more and more at the data and analysing the data in terms of temperature excursions, hours of handling and customs clearance.

Says Cole: "DHL has collected 12 years' worth of data in moving temperature-controlled pharma shipments, so we can show them on a lean risk assessment what is probably the best option."

Industry standard

Despite the increasing complexity around pharma shipments, it is still a fact that up to 5% of shipments are discarded as the industry standard.

Adds Cole: "It is still that percentage for various reasons. There can be a compromise based on the temperature excursions or there can be tempering with handling throughout the supply chain.

"I am sure that all the shippers, as well as DHL and other forwarders, want to go below 5% and that is still a process today we are working on."

The air cargo industry always has a wary eye on ocean freight, mainly for lower-value goods.

The air cargo industry view is that a longer journey time on a container ship for high-value and temperature-sensitive pharma means that seafreight will always be on the margins.

Yet it may not be that simple and easily accessible data may be a doubled-edged sword.

Cole points out that the pharma product type, its shelf life and temperature range allied to increasingly sophisticated insulated packaging, may alter the equation.

"We do see opportunities for some people to move to ocean freight, and that is where data analytics come in to play.

"You can put the data logger in the shipment, which allows you to monitor the shipment throughout the ocean voyage to realise that there is no temperature excursion beyond the tolerance of the product, and it that way you have a more cost-effective solution."

Innovation and investment in the pharma supply chain continues apace.

Emirates SkyCargo is working on a new solution for pharma that will "protect the product from origin to destination" and will launch this year. Says Sutch: "A lot of work has gone into this." acn

As much as 5% of pharma shipments are discarded

CERTIFICATION

Handlers hurry to prove they meet pharma standards

Leipzig/Halle Airport

The continued importance of pharma standards was readily demonstrated in the opening months of the year with several companies announcing certification.

In February, Swissport became the first globally operating air cargo handler to receive the CEIV Pharma certification for a facility in Africa – although Cairo Airport Cargo Company was recognised by IATA in 2018 to become the first handler to achieve the standard.

IATA awarded Swissport's warehouse operations at Nairobi's Jomo Kenyatta International Airport with CEIV Pharma.

Swissport recently invested in a temperature-controlled area (*pictured below*) at the facility with 208 rack positions and a capacity of 250 tonnes of pharmaceutical shipments.

The temperature-controlled area accounts for 13% of the total warehouse space of 10,400 sq m.

The dedicated pharma rooms have temperature ranges of 15 to 25 degrees Celsius as well as 2 to 8 degrees Celsius.

Additionally, there is a special cooling unit for goods that require a temperature range of -10 to -20 degrees Celsius.

"We are very pleased to officially open our latest CEIV [Pharma] certified facility for our customers. The certification by IATA reflects our strategic commitment to superior air cargo handling," says Jeroen de Clercq, vice-president Sub Sahara Africa and Israel, and chief executive of Swissport Kenya.

"The CEIV Pharma standard guarantees airfreight customers the highest quality for the transport of sensitive pharmaceutical products."

Since the CEIV Pharma certification of Swissport's facility in Brussels in 2015, the handler's operations in Amsterdam, Barcelona, Basel, Frankfurt, Helsinki, Madrid, Miami, Montreal and now Nairobi have achieved the standard.

Later in the year, Melbourne will be going online with pharma cooling infrastructure as well.

Elsewhere, ground handler Worldwide Flight Services (WFS) was awarded CEIV Pharma certification for its new €10m pharma centre at Paris Charles de Gaulle Airport (*pictured above*).

Opened in September last year, the 2,400 sq m centre is the only dedicated facility at the airport and almost 30 airlines and freight forwarders are already using it.

The company expects the centre to handle over 8,000 tonnes of products in 2020.

WFS has been investing in pharma-handling centres at locations around its network.

In 2019, this included the opening of other facilities in Copenhagen, Johannesburg, Miami and New York JFK.

Hugo Rodrigues, vice-president cargo France at WFS, says: "Investing in the pharma centre supports WFS' strategy to broaden our product offering by supporting the needs of both our airline and forwarding customers as well as their customers, which, in this case, are major pharmaceutical companies that demand the highest standards of compliance to protect the integrity of their products."

Meanwhile, following a year-long process, IATA has certified PortGround, the ground handling and cargo specialist belonging to Leipzig/Halle Airport owner Mitteldeutsche Flughafen.

Leipzig/Halle Airport laid the foundations for certification in 2017 with a new cold storage facility in the World Cargo Center at the German hub.

The facility offers direct access to the apron, ensuring that goods have to be transported only a short distance to and from the aircraft and lorries.

Finally, Cargolux successfully passed its Good Distribution Practice renewal audit covering its pharma handling processes.

The full re-certification attests that the company's management system fulfils the requirements of the European Union directive 'Guidelines on Good Distribution Practice of Medicinal Products for Human Use'.

REGULATION

EU moves medical devices to specialist supply chain

May of this year will see medical devices enter the specialist pharma supply chain rather than general cargo after the full implementation of European Commission regulations covering surgical implants, pacemakers, hip replacements and drug-eluting products such as heart stents.

The commission says the new rules will establish "a modernised and more robust European Union (EU) legislative framework to ensure better protection of public health and patient safety".

The new Medical Devices Regulation (EU) 2017/745 (MDR) reflects growing concerns on the provenance and traceability of surgical implants that later malfunction and pose grave health risks, following a series of such events in France where implants were found to contain industrial-grade silicone.

A second set of rules, the In-vitro Diagnostic Medical Devices Regulation (EU) 2017/746 (IVDR) comes into full force from May 2022 and will bring EU legislation into line with technical advances and changes in medical science.

Separately, there has also been an upgrade to the ISO 13485 medical device manufacturing standards.

The new regulation has extended the definition of medical devices, even to things like tinted or coloured contact lenses, which are purely cosmetic rather than used to correct vision and are very popular in places like Asia.

Such devices, each with its own unique device identifier for better traceability, are now classified within the remit of the MDR for both manufacturing and transport.

They will be scrutinised by the regulators through a network of certification bodies such as Bureau Veritas.

Patricia Cole, managing director, same day and LifeConEx, for DHL Global Forwarding, agrees that the MDR regulation is a major step change for the pharma industry and supply chain.

LifeConEx, DHL's temperature-management specialist, is working on a product aimed specifically at medical devices, which will be revealed in the next few weeks.

Says Cole: "Basically, those devices need to move in a GDP-compliant supply chain where previously they moved in general cargo just like your cell phone."

The LifeConEx assessment is that some medical devices will not need the full range of temperature and damage control required of pharmaceuticals in the specialist supply chain.

Cole says that the issue is more around education for those medical device manufacturers and suppliers who need to understand the stringent new regulations that are now in place.

One of the difficulties for medical device manufacturers is that they previously did not have to examine in detail the transport conditions of their goods.

Traceability back to the point of manufacture had been an elective process but now everybody has to do it.

And there is a bit of a gap in the transport market in terms of having a compliant service run with a quality management system that does not necessarily require temperature control.

The air cargo industry's regulatory experience to date has been based on pharmaceuticals and it will be up to medical device customers to decide what level of compliance are need for their products.

Companies who have never had to make those decisions in the past will now have to justify them to regulators as part of the MDR.

Traceability and data-sharing is nothing new in the pharma supply chain, but the air cargo industry and its customers are not complacent about the progress made so far.

Ready and able to deliver

Volga-Dnepr IL-76

Volga-Dnepr Group anticipated the coronavirus problems back in January, and it was ready, writes Damian Brett

The Volga-Dnepr Group says it is ready to meet the current challenges faced by the air cargo market.

In an interview with *Air Cargo News*, Volga-Dnepr executive president, charter operations, Konstantin Vekshin, says that the group is well positioned to meet any coronavirus-related cargo capacity shortages.

He explains that in late January, the company had started to anticipate the complications that the virus would cause in terms of how to protect crew and to make sure equipment was properly sanitised.

In terms of capacity, the airline group currently operates 16 Boeing 747s, eight An-124s and three IL-76s across AirBridgeCargo and Volga-Dnepr.

It previously operated 21 B747Fs but this has been reduced in line with the market conditions at the end of last year.

Meanwhile, one of its An-124s has had its capacity upgraded by 30 tonnes to 150 tonnes and another will be increased to this amount by the end of May.

Four have also been upgraded in terms of avionics to meet western requirements.

Both directions

On the market so far this year, Vekshin says that there was not the expected spike in westbound demand after factories in China started to re-open following an extended New Year break.

However, things did begin picking up in the weeks after that.

In the opposite direction, however, there had been an early increase in demand to meet requirements for medical products in China.

"We are now seeing more and more cargo coming in both directions," he says. "And we are anticipating additional demand in relation to outbound cargo. We are also anticipating what is going to happen in Europe over the coming weeks.

"We are ready and will unleash our entire fleet to help our customers and continue to support the bridges that we have been building over the last 30 years."

He adds that while demand has not reached the level of the US west coast container port strikes of a few years ago, enquiries continue to roll in and forwarders are being pro-active.

"Customers are contacting us and we are explaining what sort of availability we have, our reaction times, the specifics of the type of cargo we are going to move, whether that is related to coronavirus directly — like bare essentials or even fully-assembled mobile hospitals — or spare parts, assembly parts or components."

Ad hoc nature

While the group is ramping up the availability of aircraft for charter activity and reducing scheduled operations, Vekshin says this reflects customer requirements.

He explains that over the past year, the market has become more ad hoc in nature and demand harder to predict.

"The demands are very specific right now, reaction times need to be different, flexibility should be different.

"The decision to switch gears in the direction of dedicated charters, ad hoc flights, has been dictated by the market.

"Given our expertise, we have been doing well managing all those short-term, short-notice requirements."

He added that AirBridgeCargo is still offering scheduled services and when customers need a more predictable capacity provision, it will ramp this operation back up when the market is ready.

On recent reports that the group has been re-negotiating with suppliers, he said this is perfectly normal.

"It makes sense to touch base [with suppliers] every now and then to see where you are and what you can expect from each other under the circumstances.

"We have all become part — almost overnight — of this force majeure driven world, it does make sense to stay on the same page and it is always advisable to see what our options may be."

'The decision to **switch gears** in the direction of dedicated charters, **ad hoc flights**, has been **dictated by the market**'

Konstantin Vekshin,
Volga-Dnepr Airlines

Open for business

Canada's e-commerce segment is reporting rising traffic, writes Ian Putzger

Cargojet has been flying high. Canada's largest all-cargo airline posted a 7% increase in revenues for 2019 to C$486.6m.

Traffic grew in the double-digit range again, notes executive vice-president Jamie Porteous.

E-commerce has been the main driver of these gains, offsetting a decline in charters and interline activity.

"We had record volumes in our domestic system," he says, adding that customers that are active in the business-to-consumer (B2C) e-commerce segment have shown rising traffic, whereas those that focus exclusively on business-to-business have suffered declining volumes.

A clear reflection is the carrier's weekend schedule, which now shows two flights on Sunday night.

Nearly all of the cargo on those is e-commerce, says Porteous.

In contrast to this, Cargojet's interline business declined about 30%, due primarily to the weakness in the transpacific sector.

Coronavirus

A slight improvement during the peak season gave rise to hope for a stronger market in 2020, but the outbreak of the coronavirus has scuppered the optimism.

Cargojet used to move lobster from the east coast to Canadian gateways, feeding departures to China, but this business was hit by the epidemic. Brendan Harnett, chief executive and chairman of Flying Fresh Air Cargo, reports that seafood exports to China collapsed because of the virus.

Freighter flights between Halifax and Chinese gateways were scrapped.

"We had a lobster charter with 95 tonnes to China. It got cancelled," reports Joe Lawrence, president of Airline Services International.

"We went to zero business in seafood to China," remarks Harnett. "About 50% of our business disappeared."

He is not expecting a quick recovery, and no alternative markets can take the volumes that China used to absorb.

Moreover, the China-US trade deal augurs aggressive competition from US seafood exporters trying to regain market share lost during the tariff war.

"If we remove the China effect, we seem to be holding our own, but China is dragging us down — like everybody else," comments Vito Cerone, director of marketing and sales, Americas, at Air Canada Cargo.

"Right now the rest is holding out reasonably well. Business from Europe is okay, outbound to Europe is going well," he adds.

In the south, Cancun has done well filling the Boeing 767s of Air Canada's Rouge subsidiary.

"It's predominantly northbound, not so much southbound," he says.

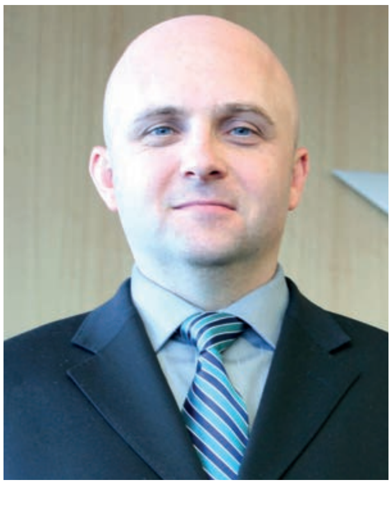
"For us the Latin American and African markets are going. There's a bit of a slowdown for both, but not so bad," remarks Lawrence, whose client list includes Ethiopian Airlines and Colombian airline Avianca.

After the collaboration with Air Canada to Mexico, Colombia and Peru ended, Cargojet continued the flights to Lima and Bogota single-handedly for a while, but strong northbound demand could not compensate for a more mixed climate in the opposite direction, so eventually the airline suspended the operation.

"We'll return if demand comes back, but I don't see that before the fourth quarter," says Porteous.

One commodity besides e-commerce that has been going strong on Cargojet's domestic routes has been cannabis since the legalisation for personal use in late 2018.

"Cannabis continues to be a very budding business," quips Jeff Cullen, chief executive of Rodair ➜



'The next step for us is **lane validation**. We have two under way. One is in northern Canada, the other in Europe. We have direct service to Amsterdam with KLM. **Both of these are CEIV certified**'

Alex Lowe, Edmonton'

International. "It's consistent volumes, consistent space."

Some companies, notably firms listed on US stock exchanges, have steered clear of the business, so this sector is more served by regional players, he observes.

Domestic shipments

Rodair deals mostly with domestic shipments, but a large portion of production is medical grade cannabis shipped to international markets.

Aurora Cannabis, one of the world's largest producers, runs an 800,000 sq ft production and research facility at Edmonton International Airport, and recently added an adjacent 400,000 sq ft facility, which serves as its global distribution centre.

This business also prompted Plant Box, a maker of LED lighting equipment for growing plants, to set up a warehouse and production facility at the airport.

E-commerce has been another success story for the airport, reports Edmonton's cargo development manager Alex Lowe.

This will likely ramp up more once Amazon opens a new warehouse across the road from the airport this spring.

With a footprint in excess of 1m sq ft, it will be the firm's largest fulfilment centre in Canada.

Edmonton clocked up 0.3% growth for 2019. While e-commerce was the strongest driver for inbound traffic, exports got much momentum from perishables and meat.

A temporary ban on Canadian meat halted shipments to China for a few months last year, but this traffic rebounded once the ban was lifted.

Bright spots like e-commerce and cannabis notwithstanding, 2019 was a slow year for Canadian operators.

Most entered the new year with hopes for some moderate improvement, but the coronavirus has plunged these expectations into uncertainty.

Lawrence is philosophical about the situation: "There are always opportunities coming up," he reflects, pointing to the rise in medical charters to China caused by the epidemic.

In 2018 Airline Services added on-board courier services to its portfolio when it joined the Wings Onboard Network, a courier firm launched in 2016 in the Netherlands that leverages the market presence of general sales and service agents.

"The courier business is steady. We have some clients who use it on a weekly basis. It meets a requirement," says Lawrence.

The uncertainty in the market has not derailed his plans for international expansion.

"This will continue in 2020. We'll stay the course," he says.

Rodair is looking to boost its international business through its new affiliation with Rhenus.

In addition to opening new markets, this has also strengthened its standing with airlines.

"In previous times the name of an overseas partner was sometimes on the air waybill, so we didn't get recognition from the airlines. Now more carriers are seeking us," says Cullen.

Before the downturn, Flying Fresh was extending its Canadian footprint beyond its Vancouver base and its presence on the east coast with a push into the country's largest city.

"We intend to continue our expansion in the Toronto area," says Harnett.

Outside the country Flying Fresh is trying to concentrate on markets other than China, he adds.

Edmonton is about to step up its focus on pharmaceuticals. It is in the process of obtaining CEIV accreditation, making it the first airport community in Canada with that badge. The airport authority has already taken a membership position in the Pharma.aero group.

"The next step for us is lane validation. We have two under way. One is in northern Canada, the other in Europe. We have direct service to Amsterdam with KLM. Both of these are CEIV certified," says Lowe.

Another avenue of development is about to unfold.

Last autumn, Drone Delivery Canada announced that it would be setting up a hub at Edmonton.

"They're still working through some of their operational elements," says Lowe. "We're in the process of identifying the flight paths and routes. Then they can start trial flights."

In recent years Edmonton has constructed a number of cargo facilities, and 2019 was no exception.

Two aviation fuel tanks built specifically to support increasing air cargo activity were completed, as well as the airport's Fresh Cargo Center, a 5,000 sq ft common user cooler facility.

In addition, Air Canada completed a new ground support equipment and cargo facility with a footprint of 50,000 sq ft at Edmonton. The airline is busy working on its ground infrastructure.

It expanded its facility in Chicago to 63,000 sq ft and is overhauling its cargo infrastructure at the Toronto and Vancouver hubs. For this undertaking it has brought in process engineers.

Artificial intelligence

Systematic use of its resources is on the advance at the airline. Its cargo division was one of the first Canadian outfits that participated in 'Scale AI', an initiative supported by the Canadian government that aims to "build the next-generation supply chain and boost industry performance by leveraging artificial intelligence technology".

The early trials with AI have focused on capacity management and optimisation, putting the spotlight on changes in bookings and cancellations in the run-up to a flight.

This revealed that cancellations and reductions in booked volume during the final week are as high as 60% of the rate of bookings.

Air Canada Cargo vice-president Tim Strauss says using this insight can improve load factors by 6-8%.

He stresses that the purpose of the exercise is not to punish forwarders for coming up short, but to give more capacity to clients who need it, while maximising loads for the airline.

This year the airline is continuing its exploration of AI with projects on spot rating and pallet utilisation.

AI can also help get a better handle on e-commerce, notes Cerone.

The rise of parcel traffic changes the approach to finding the best mix of cargo on a flight, and AI can help find the right blend there, taking in elements like aircraft type and day of the week, he says.

Cargojet continues to add B767 freighters to its line-up, which currently stands at 26 aircraft.

It is due to take delivery of a B767 freighter in April, which will replace its last leased aircraft. Another one is due early in the fourth quarter.

"We bought that for spares but decided to convert it," says Porteous.

Regular users of Cargojet welcome this. The all-cargo airline's alignment with Amazon last August, which will allow the giant e-tailer to acquire up to 9.9% of the carrier's voting shares and an additional 5% later, prompted some concern that Amazon might hog the space on Cargojet planes.

According to Porteous, the agreement with Amazon "shouldn't lead to any dilution of other business we get from other customers".

It does not give Amazon priority in getting space or getting loaded first, he says. acn

FORWARDERS

Logistics firms continue to expand

It's been a busy start to the year for Montreal-headquartered freight forwarder Delmar International and DSV Panalpina's Canada branch, before even considering the impact of the coronavirus outbreak.

In March Delmar announced the acquisition of US-based forwarder Rotra, LLC and Rotra Brokerage Services, Inc, while it has also this year invested in its sustainability credentials.

Delmar says the purchase of Rotra significantly raises the capabilities and size of its US footprint and workforce, which now exceeds 200 employees and operates from coast to coast with seven branches throughout the country.

Established in 1984, Rotra is a light-asset logistics company headquartered in Chicago, Illinois, with offices in the Netherlands, Germany and Sweden.

It offers international freight forwarding, customs brokerage and warehousing and distribution services.

Rotra services North American and European importers and exporters, with a "wide range of logistics services" on the transatlantic trade.

Delmar International chief executive, Robert Cutler, says: "Our acquisition of Rotra is a strategic opportunity for Delmar to both increase our substance in the ever-important US Midwest market and to further grow our presence in European markets.

"For over three decades, Rotra has successfully serviced and grown its customer base in this geographical sector.

"There is a strong cultural fit here with substantive synergy and opportunity for both entities and we couldn't be more pleased to incorporate their family into ours."

Meanwhile, Delmar has also appointed its first sustainability officer, Laura Corrales.

The new role's mandate is to develop, implement and promote sustainability programmes for operations in North America.

Explains Cutler: "Delmar continues to make strides in streamlining and eliminating redundancies and waste across our offices.

"But we also acknowledge that we can do better.

It's not just a matter of corporate responsibility; it's a matter of preserving the planet for generations to come.

"The hiring of a sustainability officer is the first of many steps towards a more sustainable future."

Corrales was most recently an account executive and sustainability consultant with UPS where she delivered a sustainability action plan for UPS sustainability corporate office.

"The plan covered how to assess, report on and manage climate risk and opportunities," Delmar says.

Based in the Montreal head office, she will report directly to Cutler.

Meanwhile, Copenhagen-headquartered freight forwarder DSV Panalpina has opened a new Canadian head office and logistics facility near Toronto.

The new facility is located in the suburb of Milton, 20 miles (30km) from Pearson International Airport and close to Canada's busiest highway (401).

DSV Panalpina says the 1.1m sq ft facility is the largest multi-customer logistics facility in the country and is configured to serve both the business-to-business and business-to-consumer sectors.

Cargolux celebrates its

All-cargo airline Cargolux is celebrating its 50-year anniversary, writes Rachelle Harry

All-cargo carrier Cargolux is celebrating 50 years of operations which have seen it expand to become one of the world's leading freighter operators.

Cargolux was founded in 1970 by Luxembourg national carrier Luxair; Icelandic flag carrier Loftleiðir; Swedish shipping company Salén and a few other private investors.

The company's origins are fascinating: in the late 1960s, after having failed to sell a Canadair CL-44 aircraft to a group of pilots in Sweden, Loftleiðir director of corporate planning Johannes Einarsson was contacted by Christer Salén of the Salén shipping company.

Salén proposed a business model that involved flying passengers to and from Spain on weekends, then converting the aircraft to cargo configuration to transport food and cargo on weekdays.

Einarsson knew that it would not be viable to convert the aircraft from passenger to cargo configuration in such short timeframes.

Instead, he suggested an all-cargo airline and made Salén a partnership offer in which both parties would acquire 50% interest in Loftleiðir's CL-44 aircraft.

The joint venture, named Saloft, then leased a CL-44 aircraft to Cargolux, which was officially launched on March 4, 1970.

Luxembourg — conveniently located in the centre of Europe — was chosen as the carrier's headquarters.

A positive start

In a statement, the airline explained: "Since its inception, Cargolux has lived up to its now famous slogan 'You name it, we fly it' — the embodiment of the Cargolux spirit."

Cargolux initially operated charter flights on an ad-hoc basis.

From 1973 to 1975, Cargolux grew enough to expand its fleet with the acquisition of DC-8s. Then, in September 1975, the company completed a long-term lease/purchase agreement for a DC-8-63F aircraft (that was previously operated by Flying Tigers), which became the first Cargolux aircraft under Luxembourg registration.

To cope with its expanding fleet, Cargolux launched a new hangar and head office at Luxembourg Airport on April 28, 1975.

Then, a historic moment for the airline — in 1977, Cargolux ordered a Boeing 747-200 freighter. It became the first carrier to fly the modern aircraft when it took delivery of it in 1979.

After the growth and success that Cargolux experienced during its first decade — partly thanks to investing in B747Fs — in the 1980s, the carrier came close to bankruptcy when the global economy crashed.

Cargolux restructured and reduced its staff numbers by a third.

It took delivery of its second B747-200F in October 1980.

In 1982, Cargolux launched its automated cargo system, CHAMP (Cargo Handling and Management Planning).

This first step towards digitisation allowed Cargolux to streamline processes and information, thereby enabling it to provide a faster, smoother service.

In 1993, Cargolux took delivery of and became the first carrier to fly the Boeing 747-400 freighter.

Its first flight was from Seattle-Tacoma to Luxembourg, carrying 116 tons of cargo.

By September 1995, Cargolux had purchased four Boeing 747-400Fs and in 1996, Luxair built a new cargo centre at Luxembourg Airport.

The facility was designed especially for cargo aircraft and featured pens for live animals, temperature-controlled zones and storage space for valuable and hazardous cargo. The

CL-44D4

The tail of the time

On the cargo aircraft variant CL-44D4, the entire tail section hinged. It could be opened using hydraulic actuators to load large items quickly. An inflatable seal at the hinge-break enabled cabin pressure to be maintained during flight, and eight hydraulic-operated locks assured structural integrity. The tail could be opened from controls within the tail in 90 seconds.

To cater for the growing demand of live shipments, Cargolux built animal pens into its freighters in the mid 1970s. By the end of 1972, the carrier operated five CL-44s. Three of these aircraft were the stretched version that offered 18% more capacity than the traditional model. Cargolux was the only operator that offered this additional volume, thanks to two additional fuselage plugs placed in front and aft of the wings.

CL44.com and anniversary.cargolux.com


B747-200F's first landing

half century

new cargo centre supported Cargolux's growth in the late 1990s.

In 1997, the company's financial results soared to a record $30.7 m profit — four times the amount generated the previous year.

After years of growth, Cargolux aimed to have a fleet consisting of only B747-400Fs by the year 2000.

It phased out its three B747-200Fs and in 1998, took delivery of its sixth new aircraft and the following year took delivery of four more B747-400Fs.

The carrier also joined the Association of European Airlines (AEA) and IATA in 1999.

Global expansion

Cargolux continued to expand its global network, as well as its fleet, in the early millennial years and by 2005, it operated in 60 countries and had increased its fleet of B747-400Fs to 14.

In 2009, Cargolux opened a new maintenance hangar in Luxembourg. The facility has two bays and it is capable of servicing two aircraft at a time — either two Airbus A380s or Boeing 747 aircraft.

In 2009, in response to the global financial crisis, the carrier restructured its business to save costs and operate with more "dynamism".

After many years of delays, in 2009, Cargolux finally took delivery of its first B747-800F

In 2014, to complement its home base in Luxembourg, Cargolux established a second hub in the Henan province in China.

With experience in flying various types — and sizes — of cargo, Cargolux also launched new dedicated services in 2014: CV classic, CV jumbo, CV power, CV hazmat, CV pharma, CV fresh, CV alive and CV precious.

Success story

The following year, Cargolux celebrated its 45th anniversary and branded itself the 'global cargo carrier of choice'. By this point in time, the carrier's fleet of freighters had reached an all-time high, with a total count of 26 aircraft: 14 B747-8Fs and 12 B747-400Fs.

In 2016, Cargolux built a new headquarters at its primary base in Luxembourg, next to its maintenance hangar.

Since then, the carrier has continued to expand its network and today has more than 85 offices in more than 50 countries

To mark its 50th anniversary, Cargolux branded its LX-VCC B747-8 freighter (main image) with anniversary livery and the words 'Spirit of Cargolux'. Other aircraft in the fleet also received commemorative emblems to highlight the milestone.

Richard Forson, president and chief executive of Cargolux, commented: "It is a remarkable achievement for an all-cargo operator to celebrate 50 years in existence and I think I speak on behalf of the whole company when I say we are proud of how far our airline has come.

"We have weathered many storms over the years and this celebration shows the world how committed and dedicated our employees are.

"In addition, I would also like to thank all of our customers and business partners in helping us get to commemorating this memorable occasion." acn

Cargolux Italia LX-RCV

Douglas DC-8 and truck

Beluga whale transport operation

B747-200F

DATA HUB

AIRLINE DEMAND

Full impact of coronavirus yet to be revealed

IATA has warned that the full extent of the coronavirus impact on the airfreight sector is yet to be determined, while demand declined by 3.3% year on year in January.

IATA suggested that the timing of the Chinese New Year Holiday, which took place in late January, as well as eased tensions between the US and China amid their trade war, were two factors affecting demand figures in January — one having a negative impact and the other positive.

Alexandre de Juniac, IATA director general and chief executive, explained: "The air cargo industry started the year on a weak footing.

"There was optimism that an easing of US-China trade tensions would give the sector a boost in 2020. But that has been overtaken by the Covid-19 outbreak, which has severely disrupted global supply chains, although it did not have a major impact on January's cargo performance.

"Tough times are ahead. The course of future events is unclear, but this is a sector that has proven its resilience time and again."

De Juniac added: "January marked the 10th consecutive month of year-on-year declines in cargo volumes."

In January, total market available cargo tonne kms (ACTKs) decreased 0.9%, down from an increase of 3.8% in December last year. Meanwhile load factors fell by 1.9 percentage points compared with a year ago to 45%.

Regionally, Africa-based airlines experienced growth for the 11th consecutive month, making it the best-performing region in January. However, the region's 6.8% growth represented "a sharp slowdown from December and a softer pace compared with the second half of 2019, which had an average of 11%".

In January, airfreight demand for Latin America-based airlines increased 1.4% year on year. This compared with a 2.5% decrease in December 2019 and was the best-performing month for the region since mid 2019. Capacity for the region's airlines also increased by 2.4% year-on-year.

Freight demand in January for Middle East-based airlines declined by 1.4% and capacity increased 2.9% compared with the same period in 2019.

Commenting on the region's performance, IATA noted: "Given the Middle East's position connecting trade between China and the rest of the world, the region's carriers have significant exposure to the impact of Covid-19."

North America-based airlines saw demand decrease by 1.3% in January 2020, compared with the same period in 2019. Capacity, meanwhile, increased by 3.4%.

IATA pointed out: "Seasonally adjusted cargo demand rose slightly however, amid a more supportive operating environment and following the thawing of US-China trade relations."

Europe-based airlines experienced a 3.7% decline in cargo demand in January year on year – a slide from the 1.1% decline noted in December 2019.

Capacity, too, decreased by 3% year on year.

Seasonally adjusted demand also dropped sharply, disrupting the positive trend that started mid-2019.

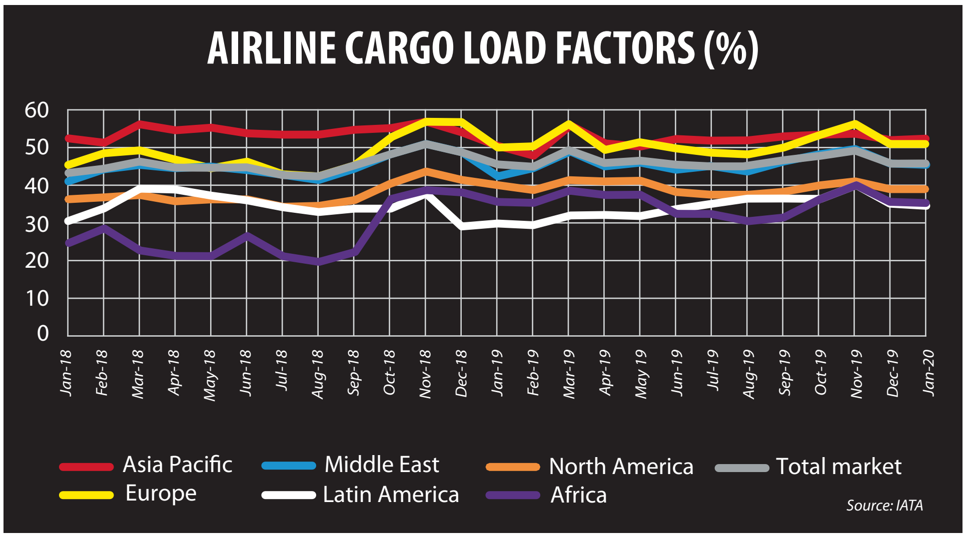
IATA suggests that the presence of the coronavirus in the region will put pressure on its performance in the months to come.

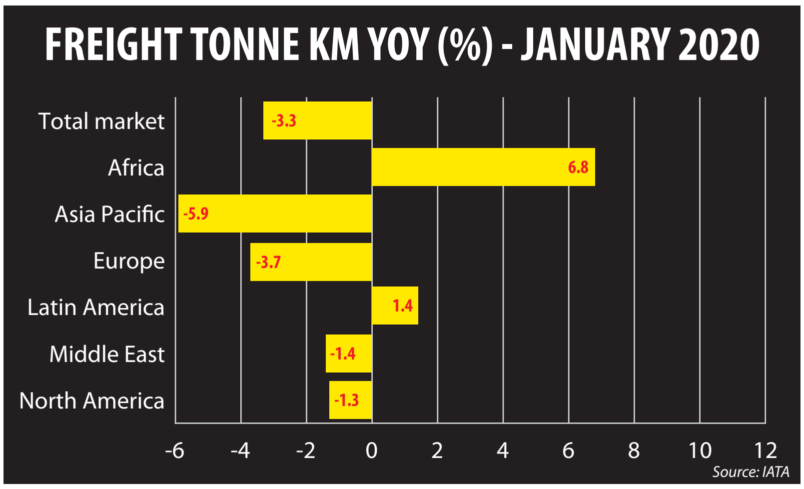
Finally, Asia Pacific was the worst-performing region in January, with a year-on-year decrease in demand of 5.9%.

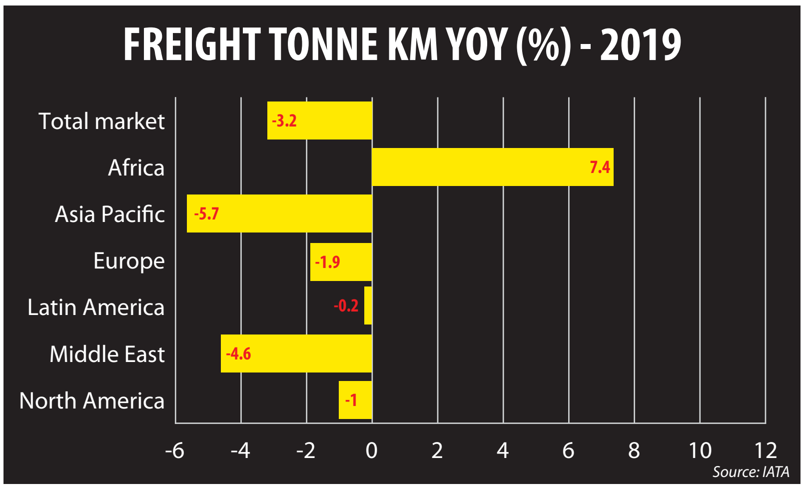
Seasonally adjusted cargo demand rose slightly, due to thawing of US-China trade relations.

IATA highlighted that the Asia Pacific region's performance is likely to suffer because of disruption caused by the coronavirus.

> 'This is a sector that has proven its **resilience** time and again'
>
> Alexandre de Juniac, IATA







AIRFREIGHT RATES

China set to ramp up production

The anticipated spike in demand and rates out of China failed to emerge in February, although there were some signs that increases were imminent.

Figures from TAC Index show that average rates on services from Hong Kong to the US decreased by 9.9% year on year in February to $3.19 per kg, which is a slight improvement on the level of decline reported in recent months.

Meanwhile, average prices from Hong Kong to Europe dropped by 3.4% on last year in February to $2.52 per kg.

The industry was expecting a surge in demand when factories in China got fully up and running following an extended New Year holiday break, which was part of efforts to contain the coronavirus outbreak.

This is expected to come at a time when belly capacity is limited due to a drop in passenger flights, resulting in a surge in prices as demand outstrips supply.

While this development had yet to materialise in February, intra-Asia prices dramatically increased during the month.

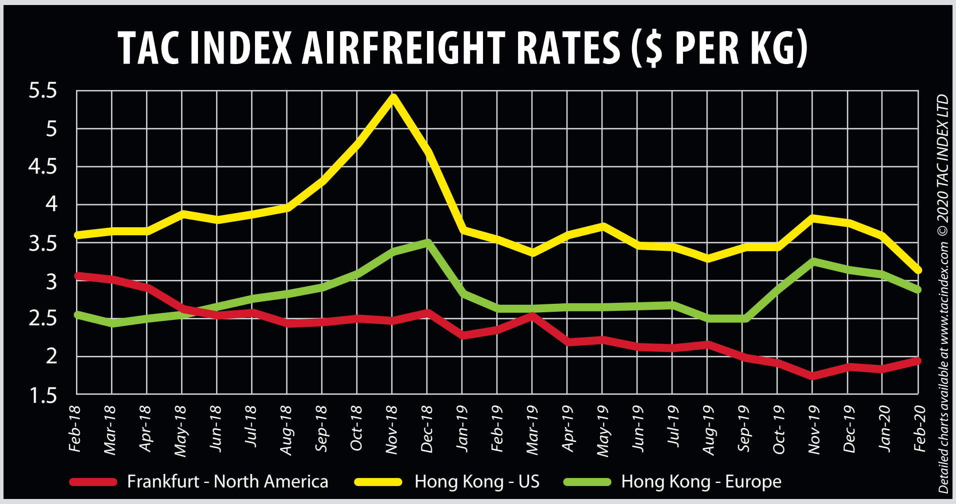
It was suggested that this was down to Asian semiconductor companies ramping up production in preparation for the re-opening of factories in China.

The rate spike was described by one contact as a lead indicator as to what will happen on outbound China routes once production ramps up.

Freight forwarder Agility concurred in a customer update issued at the start of March: "Intra-Asia trade lanes are now tremendously impacted and congested while intra-Asian widebody belly capacity has reduced heavily and drives a rapid surge for airfreight rates on a daily basis.

"China outbound freight capacity is getting congested while production is gradually returning to the market. Volumes have been ramping up since the middle of February and [we are] expecting a heavy quarter-end [to the first quarter]."

Meanwhile, average rates on services from Frankfurt to North America continued to lag on 2019 levels at $1.84 per kg – a 22% year-on-year decline.



AIRPORT THROUGHPUT

Decline due to Chinese celebrations

Airports saw their cargo volumes decline in January, but largely as a result of an early Chinese New Year holiday and not because of coronavirus-related flight cancellations.

The world's largest cargo hub, Hong Kong, saw its cargo traffic drop by 10.4% in January to 359,000 tonnes.

It pinned the decline on the timing of the Chinese New Year, which sees factories across China close for two weeks as workers head home.

This year, the New Year holiday fell on January 25 compared with February 5 in 2019.

In a statement, Hong Kong International Airport said: "Cargo throughput declined due to closure of factories and businesses in Mainland China during the Chinese New Year holidays.

"The decrease in cargo was mainly attributed to the 15% and 10% drops in imports and transhipments, respectively.

"Exports decreased by 9% compared to the same month last year.

"Amongst key trading regions, traffic to/from Southeast Asia and North America decreased most significantly in the month."

In Europe, Frankfurt Airport operator Fraport said that its cargo volumes declined by 8.6% year on year to 149,217 metric tons.

It said that the decline resulted mainly from the early New Year, but added that it also started to feel the initial effects of the coronavirus outbreak.

At the UK's Heathrow Airport there was an 11.4% year-on-year decline in traffic in January to 115,894 metric tonnes.

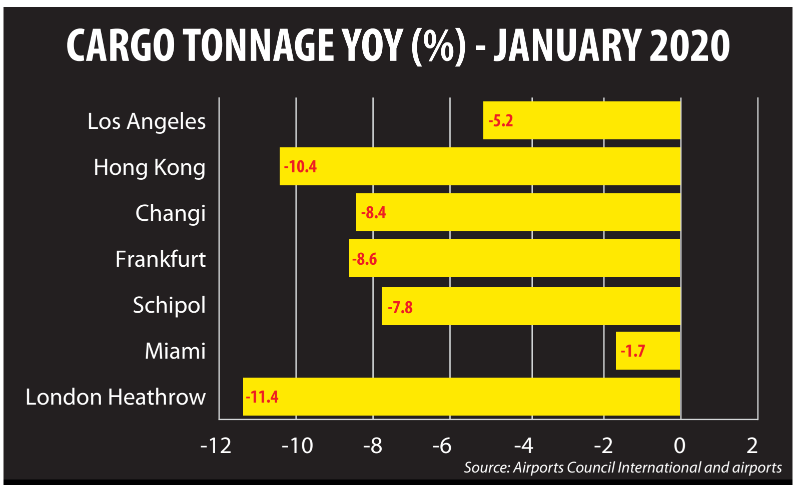
The airport's volumes to/from Asia dropped by 16.3% on a year earlier, reflecting the Chinese New Year impact.

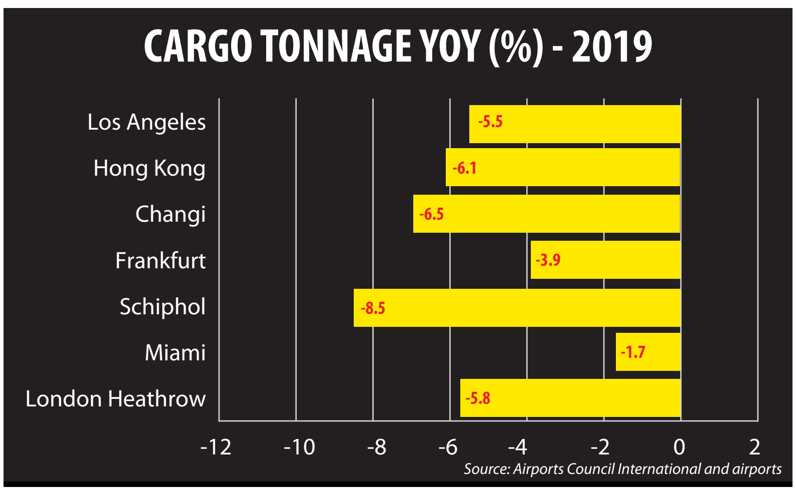
At Amsterdam Schiphol there was a 7.8% year-on-year decrease in cargo traffic in January to 113,080 tonnes.

During the month, the slot constrained airport continued to see its freighter traffic decline as it recorded 1,011 all-cargo movements — a 10.2% drop off compared with the same month in 2019.

In North America, Miami International, which acts as a hub for traffic to and from Latin America and is therefore not quite as affected by the timing of the Chinese New Year, performed better than most as its January cargo traffic declined by 1.7% on a year earlier to 196,019 tons.

Finally, Singapore's Changi Airport saw its cargo volumes for January decline by 8.4% year on year to 160,000 tonnes.





Rough seas on the horizon

Containership capacity was expected to have returned to near-normal seasonal levels at the end of March, according to Drewry Supply Chain Advisors in its mid-March Logistics Executive Briefing.

The consultant said that as of mid-March China's factories were back up to around 65-70% of total capacity.

The fact that manufacturing has largely returned to last year's levels has led to some box carriers increasing capacity.

French shipping line CMA CGM said in a statement on March 6: "There has been an upturn in volumes and a major catch-up effect is expected once the health situation stabilises, as western countries will be seeking to rebuild their inventories. The group therefore expects to operate a normal capacity fleet as of mid-March."

Also, carriers are repositioning empty containers, currently piling up on the US west coast, back to Asia in preperation for an increase in demand, Drewry said.

But it added that a lack of mismatch between ship capacity supply and demand will create acute volatility of freight rates and a potential shortage of capacity for smaller shippers and shippers with low-rated cargoes.

Looking ahead, there are also doubts as to how long demand will be sustained.

"China is trying very hard to maintain its status in global supply chains, by urging workers and factories back to work as soon as possible," said Han Ning, country manager for China at Drewry.

Catch-up expected

But, for manufacturers, after an expected catch-up of production in March and April, she expects two challenges.

Firstly, factories will need new orders to carry on and this will depend on consumption of countries importing from China, in particular in Europe and the US.

Secondly, supply of raw materials and parts might be disrupted due to the virus disruptions in other countries.

"These two factors will make normalisation of China manufacturing more difficult," Han added.

Drewry said that with demand in western countries hard to predict, shippers and forwarders should take an ad hoc approach to the market.

"What we know is that the market will be volatile and unstable," the consultant warned.

"So, we urge shippers, forwarders and others to react fast to market and industry changes and to consider short-term arrangements rather than long commitments, in the current unpredictable situation.

"Watch the development of the spot market, as [shippers and forwarders] may have to use it.

"[They should] consider the re-use of import containers for exports to secure equipment more easily, if [they] have two-way shipments.

"Similarly, [they should] consider what could happen to relative freight rates if volatility swings from a Chinese mini-recovery to a consumer-downturn-and-oil-price-crash shipping oversupply scenario."

Looking back on the first few weeks of the year, Drewry said that shippers had seen their costs soar due to the supply chain and planning disruption caused by the coronavirus.

"To date, these serious problems have caused millions of dollars of container detention costs for shippers, billions of dollars of revenue shortfalls for carriers, a situation where desperate shippers were forced to pay premium rates to secure capacity for urgent shipments, a record number of 'idle ships' waiting for employment and an unknown cost from lost business and stockouts," Drewry said.

PEOPLE

UPS names new chief executive

Carol Tomé

Effective from June 1, Carol Tomé will be the new chief executive of UPS, replacing David Abney who is retiring at the end of September.

She has been a member of the UPS board of directors since 2003 and serves as chairperson of the audit committee.

Tomé becomes the 12th chief executive in the 113-year history of UPS.

AFKLMP announces SVP sales

Gertjan Roelands

Air France KLM Martinair Cargo (AFKLMP) has named Gertjan Roelands as its new senior vice president of sales and distribution.

Roelands, who succeeds Christophe Boucher — the newly-appointed executive vice president of Air France Cargo, will oversee the business's global commercial activities.

Prior to joining the cargo division in 2015, Roelands was vice president, commercial for Africa and the Middle East at Air France-KLM.

Menzies Aviation hires new Americas CFO

Jennifer Gourley

Menzies Aviation has named Jennifer Gourley as its new chief financial officer, Americas, effective from March 16.

Reporting to executive vice president John Redmond, Gourley will be based in Dallas-Fort Worth and will oversee the financial activities for the Americas region.

Jettainer Americas gets new MD

Shailendar Kothari

ULD management firm Jettainer Americas has appointed Shailendar Kothari as its new managing director.

In his new role, Kothari is responsible for the company's operational activities, as well as business and market opportunities in the Americas.

QUOTE OF THE ISSUE

'This frenetic scramble is exacerbated by the fact that everybody expects the capacity shortage to be short-lived, but nobody knows when it will end'

Ian Putzger