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The World's Best-Read Air Cargo Publication

February 2020/ No. 879

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InstoneAir has continually evolved since it began organising horse flights in 1979
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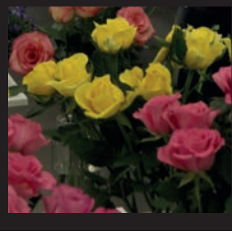

BUDDING SECTOR:
Flower market
Demand for the transport of blooms has flourished in recent years
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AIRLINES

Coronavirus crisis impacts global air cargo industry

The air cargo industry was assessing the impact of measures taken to halt the spread of the deadly coronavirus on supply chains as *Air Cargo News* went to press.

Hundreds of people have tragically died as a result of being infected, while there are thousands of other confirmed cases.

In response, airlines announced a series of service cuts while the Chinese government extended the Chinese New Year holiday — when production in the country grinds to a halt due to factory closures — by at least three days until February 3.

Businesses in the Guangdong province, which includes Shanghai, were ordered to remain closed through to February 10. Industry participants and observers outlined a series of possible effects that the measures could have on air cargo.

Some suggested there could be an elongated dampening of demand due to the extended New Year break affecting factory and supply chain workers.

Others said there could be a surge in air cargo demand if shippers turn to airfreight to rush cargo out of the country once the worst is over.

With belly capacity limited, this could benefit those able to offer freighter services the most.

Freight forwarder Westbound Shipping said it was preparing for airfreight capacity to be limited and therefore was expecting rising prices.

It even warned that warehousing in Europe and the US could come under strain as companies look to build up inventory.

"The key is acting fast and pre-planning," the forwarder said.

Transport Intelligence practice leader Thomas Cullen said that the most significant direct effects will be felt on the air transport market and especially belly-freight services on passenger flights.

"The question is how long the impact will be felt and how deep any fall in demand and prices will be," Cullen said.

Freight booking portal Freightos said that any backlog caused by the extended closures could "motivate some time sensitive importers to shift modes from ocean to air".

FREIGHTERS

Flexport cuts its all-cargo operation

Flexport has cancelled its dedicated all-cargo operation and instead signed a series of block-space agreements (BSAs) on services from several Asian origins in light of changing supply chain strategies.

For the last two years the San Francisco-headquartered freight forwarder has offered a dedicated freighter service between Hong Kong and Los Angeles.

However, a Flexport spokesperson confirmed to *Air Cargo News* that it had ended its "Private Air Service" on January 25 and had instead signed several BSAs with Nippon Cargo Airlines' subsidiary Plus Logistics covering a variety of origins in Asia Pacific and Southeast Asia.

The spokesperson said the move was in response to shippers diversifying their supply chains away from China as a result of the China-US trade war and also weaker market conditions.

Origins covered by the BSAs include: Hong Kong, Shanghai, Bangkok, Singapore and Taipei.


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DATA HUB

CONTAINER SHIPPING

TOP DOG TRAVEL:
Delta Cargo has introduced a new pet travel carrier, the CarePod, which offers real-time updates throughout the journey. The CarePod for dogs and cats is IATA-compliant and can be booked between three and 13 days prior to departure.

COOL LINKS:
Etihad Cargo has expanded its cold chain partnerships by becoming a member of the Cool Chain Association and the Pharma.Aero network.

OMAN OFFICE:
DSV Panalpina has opened a new branch in Muscat as part of its expansion into the Middle East. Charles Francis, manager of DSV Panalpina in Oman, Qatar and Kuwait, commented: "Oman has advantages as a transhipment hub for Qatar. It has become a pivotal geographical location for cargo flows to and from Qatar."

CARGO CLIMB:
Leipzig/Halle Airport has increased its cargo volumes for the 15th consecutive year and more than tenfold since 2007. In 2019, Europe's fifth-largest air cargo hub handled 1.2m tonnes, representing a year-on-year growth of 1.4%.

PHARMA GDP:
Cargolux Airlines has successfully passed its GDP renewal audit covering its pharma processes.

FREIGHTERS

All Nippon Airways cuts freighter operations

All Nippon Airways (ANA) has announced a series of cuts to its freighter operations — including its recently-launched B777F transpacific service — in response to weaker market conditions.

In total, the airline will reduce the number of weekly all-cargo flights it currently operates by 51, although it will add a new twice-weekly service from Singapore to Narita.

One of the most notable services that is being cut is its Narita-Chicago operation that was launched last year when it took delivery of its first B777F to expand its intercontinental operations. The carrier has since taken delivery of a second B777F.

The changes are all due to take place on March 29.

The airline said: "While demand for air cargo is expected to stagnate in the short term due to US-China trade issues, ANA anticipates expansion in the medium to long term.

"Therefore, [our] freighter operation will be adjusted to balance supply and demand conditions to steadily improve profitability.

"Additionally, ANA will increasingly capture demand by enhancing synergy effects with airlines while flexibly using charters, codeshares and such, in addition to expanding passenger flight networks."

Last year, ANA introduced a B777F to its Narita–Shanghai (Pudong) route in July and to its Narita–Chicago route in October. The aircraft served the demand for large special cargo, such as semiconductor manufacturing equipment.

In ANA's financial results, which detail company figures from March to December last year, the carrier reported a 5.8% year-on-year reduction in cargo volumes, from 1m tons to 961,000 tons, due to demand decreasing in Japan and foreign markets slowing down.

The carrier said this was caused by a number of factors including US-China trade issues.

As a result of the volume decline revenue from international cargo service decreased by 20.9% year on year, from ¥98.8bn to ¥78.1bn, and revenue from domestic cargo service decreased by 7.7% year on year, from ¥21.3bn to ¥19.6bn.

AWARDS

Air Cargo News Awards finalists revealed

The finalists for this year's *Air Cargo News* Awards have been selected following an in-depth judging process.

After attracting a record number of entries, the Innovation Award has been split into two different prizes: the Innovation Award and the Innovation Award ULD.

The Innovation Award finalists are: Air France KLM Cargo, cargo.one, CargoSteps, United Cargo and Worldwide Flight Services (WFS).

The Innovation Award ULD finalists are: ACL Airshop, Skypooling and VRR.

The Freighter Operator Award finalists are: Antonov, Cargolux, Etihad Cargo, Lufthansa Cargo and Turkish Cargo.

The companies making it through to the final stage of the Cargo Hub Award are: Amsterdam Schiphol, Anchorage International, Brussels, Liege and Hong Kong International.

The charter broker finalists are: Air Charter Service and Air Partner, while in the Ground Handler category they are: Celebi Ground Handling Turkey, dnata, Hong Kong Air Cargo Terminals and WFS.

Finally, the GSSA Award finalists are: Air Logistics Group, FlyUs and Wexco.

EDITOR'S COMMENT

Damian Brett

A marathon not a sprint

I've often thought of the air cargo year as a marathon rather than a sprint because there are so many twists and turns.

However, I should extend the metaphor further and compare the industry with a year-long steeplechase as it sometimes feels as if air cargo manages to navigate one obstacle only to be confronted by yet another.

The industry opened the year by tentatively welcoming the phase one trade deal between China and the US, while IATA issued a prediction that the industry would return to growth.

However, before the end of January, the deadly coronavirus emerged and the city of Wuhan had been put into shutdown.

At the time of writing it is hard to understand what kind of impact this could have on air cargo, especially given the fact it is happening during Chinese New Year when factories are closed anyway.

The city itself has a large industrial area which includes, high-tech, telecommunications, automotive, optical electronics, pharma, chemical and food production amongst its output.

To try and put the city's importance to air cargo in some context, the airport processed around 220,000 tonnes of cargo in 2018, with several freighter operators offering flights.

It is not just Wuhan that has been affected; access to other Chinese cities has also been tightened up to contain the virus' spread, while the New Year holiday was extended.

It could be that by the time you read this column the situation has eased and factories have re-opened, or there could be further extended factory closures in Wuhan and other cities.

Alternatively, it may affect production in Wuhan, but other industrial zones could ramp up output and shippers turn to air cargo to expedite already delayed shipments.

To quote Robert Burns: The best laid schemes o' mice an' men/Gang aft agley.

CRIME

Ullings jailed for role in air cargo price-fixing cartel

Maria Christina Ullings, former senior vice president of cargo sales and marketing for Martinair Cargo, will serve jail time in the US after pleading guilty for her alleged role in the air cargo price-fixing cartel that ran from 2001 to 2006.

The US Department of Justice (DoJ) said that Ullings, a Dutch national, was sentenced to 14 months in prison with credit for the time she was held in the custody of the Italian government pending her extradition. She has also been sentenced to pay a $20,000 criminal fine.

The DoJ said that Ullings pleaded guilty to conspiring with others to suppress and eliminate competition by fixing and co-ordinating certain surcharges, including fuel surcharges, charged to customers located in the US and elsewhere for air cargo shipments.

"These air cargo shipments included heavy equipment, perishable commodities, and consumer goods destined for American consumers and shipped by American producers," the DoJ said.

"Ullings participated in the conspiracy from at least as early as January 2001 until at least February 2006."

A Martinair freighter being loaded with cargo at Stansted airport

A total of 22 airlines and 21 executives have been charged in the DoJ's investigation into price fixing in the air transportation industry.

To date, more than $1.8bn in criminal fines have been imposed and eight executives have been sentenced to serve prison time.

Ullings was apprehended by Italian authorities in July 2019 while visiting Sicily after being a fugitive for 10 years.

Drug case

Meanwhile, in January, three pilots and three ground crew were released from custody in Argentina following a drugs bust involving a Martinair Cargo freighter.

The staff members were arrested on January 14 after 82 kg of cocaine was seized from a Martinair-operated B747 at Buenos Aires Ezeiza Airport.

The aircraft had reportedly travelled from São Paulo, Brazil, and was in transit at Ezeiza when customs officers' sniffer dogs found the drugs.

FREIGHTERS

Avia Solutions buys Bluebird

Avia Solutions Group, which owns UK broker Chapman Freeborn and freighter operator Magma Aviation, is to acquire 100% of cargo carrier Bluebird Nordic and so move into the narrow-body ACMI cargo market.

According to the Cirium database, Iceland-headquartered airline Bluebird Nordic, founded in 1999, operates one B737-300SF and four B737-400SFs.

Gediminas Ziemelis, founder and chairman of the board of directors of Avia Solutions Group, said: "With this new acquisition, Avia Solutions Group steps into the narrow-body ACMI cargo business. Being the biggest passenger ACMI group with one of the largest corporate airlines in Europe, we were actually missing cargo operations.

"Today, we own seven AOCs in various countries and our plan is to achieve synergy between pilots pool, maintenance and lease costs."

Steinn Logi Björnsson, managing director of Bluebird Nordic, added: "We are happy that Bluebird Nordic is now a member of Avia Solutions Group and look forward to working with the new owners to grow and strengthen the company."

PUTZGER PERSPECTIVE

Ian Putzger

Freighter choices

For freighter operators 2020 got off on a sombre note.

Flexport announced that it no longer saw a need for a dedicated freighter running between Hong Kong and the US.

Instead, it will use block space agreements on multiple routes across the Pacific.

In a way the decision seems a fitting coda to a year that produced a sharp reversal in the fortunes of all-cargo operators, as a scramble for lift turned into a struggle for carriers to fill their planes.

Freighters may be out of fashion for hauling business-to-business traffic across the Pacific, but the picture is strikingly different when it comes to e-commerce.

Freighter airlines like Cargojet have enjoyed rapid growth in volumes and keep adding planes to their fleet.

By the same token, a number of airports have seen explosive growth in throughput, thanks to torrents of parcels.

E-commerce has revived the fortunes of several cargo airports, which now see a need to replace their old infrastructure and expand. Securing funding for this seems easy.

Not every airport is enamoured with e-commerce, though.

Amsterdam Airport Schiphol, for one, has made it clear that it is not chasing this traffic.

Faced with constraints on growth, which have dented its freighter traffic, the airport authority has chosen to focus on premium cargo rather than cope with a tidal wave of parcels.

Many large gateways are similarly congested and have limited capacity for expansion.

By and large, the division seems to be fairly straightforward for airports.

E-commerce is gravitating to smaller airports, where land is ample and access roads are not congested, while the hubs go after the high-yield stuff.

Witness the establishment of dedicated pharma facilities at several airports last year.

For airlines it is a more difficult strategic choice.

In light of lower volumes than a year ago and question marks over global trade, e-commerce offers a good chance to fill cargo holds, albeit at less than stellar margins.

Does it make sense to invest in e-commerce capabilities — by perhaps installing parcel sorting equipment, bringing in technology and teaming up with handlers and final mile providers to court online merchants and platforms directly?

> 'In a few years **e-commerce** will probably have a different **complexion** in air cargo'
>
> Ian Putzger

Not so long ago, an airport executive was dismissive of perishables going through a rival gateway.

Today that airport is chasing perishables and animal traffic.

In a few years, e-commerce will probably have a different complexion in air cargo.

There's a lot to contemplate.

OUTLOOK

Trump, trade and tariffs make for a difficult year

The airfreight market is likely to remain weak this year, industry leaders believe, as it continues to be hampered by overcapacity and weak growth in several regions around the world.

"We do not see 2020 improving significantly. There will be some capacity coming out of the market, so there is some balance coming, but the price pressure will continue," Cargolux finance chief Maxim Straus said at the Airline Economics Growth Frontiers conference in Dublin, noting weakness in South America and Hong Kong.

The Luxembourg-based airline will still announce a profit for 2019 and intends to keep its capacity roughly steady throughout 2020. It expects freight growth to return in 2021.

Ed McGarvey, treasurer of Atlas Air Worldwide, noted that "2019 was a challenge", citing "Trump, trade and tariffs". The airline has previously announced that its 2019 earnings would be 60-65% of the level in 2018.

"Our expectations for 2020 are that the market is soft and the first half of the year will continue to be soft. The back half of the year should pick up," said McGarvey.

Maxim Straus, Cargolux

McGarvey said the concerns over recent years that the belly space in the Boeing 787 and Airbus A350 might take business away from dedicated freighters have not, however, come to pass.

"Passenger aircraft do not fly at the right times," he said, arguing that dedicated freighters are able to supply the flexibility that cargo customers require.

Brexit is unlikely to have a substantial short-term impact on the market, in the view of participants.

Straus commented that the UK accounts for around 6% of Cargolux's volumes. He believes there will be no impact during the transitional period that runs from January 31 to the end of 2021 — or even a pick-up in the charter trade.

Thereafter, however, an EU-UK air services deal is required, which "could be an impact on the tonnage".

There is also the potential for customs changes to affect operations over the long-term, he noted.

LOGISTICS

Kuehne+Nagel focuses on Asia Pacific

Logistics provider Kuehne+Nagel has announced that it is focusing its attention on growth in the Asia Pacific region, following the success of growth and acquisitions in Europe and North America.

From January, Kuehne+Nagel's Asia Pacific operations, run by 10,000 of its personnel in the region, will be headquartered in Singapore.

Regional managers Jens Drewes and Siew Loong Wong will jointly lead the company's Asia Pacific strategy.

Kuehne+Nagel chairman of the board of directors Joerg Wolle said: "We strongly believe that Asia Pacific will be the driver of global economic development in the years to come. The joint leadership of the region by two proven executives will prepare the ground for a new dimension of organic and inorganic growth of our networks to even better serve our customers."

Kuehne+Nagel acquired Worldwide Perishable Canada in July last year, and in September, the firm also expanded its pharma hub in Geel, Belgium.

SHIPPER SPOTLIGHT

Zoe McLernon

Achieving sustainable growth

As we head into 2020, the Freight Transport Association (FTA) believes that sustainability is the air cargo industry's biggest challenge.

While air transport only represents around 2% of global CO_2 emissions, the airfreight sector is predicted to grow at least 5% a year until 2050 — faster than any other mode — so the potential for increasing emissions, at a time when governments around the world are committed to emissions reductions, remains high.

And as these environmental issues become more acute, airlines — working in conjunction with governments — will need to start offering more advanced carbon-reduction solutions, while still providing value for money, growth and customer satisfaction across the supply chain.

UK airlines are already establishing themselves as leading examples of this shift to increased sustainability.

In November 2019, EasyJet became the world's first major airline to operate net-zero carbon flights across its entire network after announcing it would offset all jet fuel emissions.

And, as of January 1, British Airways (BA) has followed in EasyJet's footsteps by carbon offsetting UK domestic flights.

However, both airlines recognise that these are only interim solutions and they must seek longer term measures.

As a result, BA is continuing to develop new, fuel-efficient aircraft and has signed a partnership agreement with renewable fuels company, Velocys. Together, the businesses aim to produce energy from waste plants, converting standard rubbish into renewable sustainable jet fuel to run their fleet, a first for the UK.

While many airlines are taking steps to de-carbonise their operations, there is, in FTA's opinion, more to saving the planet than reducing aircraft emissions alone.

Two other areas where aircraft companies can also make changes are in plastic-usage reduction and lowering ground emissions.

With the development of long-term sustainability strategies and investments key to guaranteeing the future of air cargo, FTA is running an informative open seminar on February 27, at which representatives of the industry can debate the issue and identify potential solutions collaboratively.

The seminar, Airfreight: Achieving Sustainable Growth, will bring together industry experts and a broad variety of logistics companies — ranging from air cargo operators, customers, forwarders, government representatives and other supply chain stakeholders — to discuss how the sector can grow, while meeting sustainability objectives along the way. Visit: *fta.co.uk/events/multimodal-seminars-2020/air-freight-achieving-sustainable-growth* to register or find out more.

Zoe McLernon, Multimodal Policy Manager, FTA


AIRFRANCE KLM

The mane man

Jeremy Instone is managing director of InstoneAir, a company that builds and leases a fleet of specialist horse stalls for airfreight, as well as arranging aircraft charters, writes Roger Hailey

A 1970s meeting in a London pub was the starting gate for InstoneAir, an airfreight company that today specialises in equine transport and the movement of around 6,000 horses per year.

The original Instone Airlines was formed in 1919 and began by flying customs documents across the English Channel for the parent company's shipping arm — a revolutionary concept that 40 years later would set the foundations for the DHL courier empire.

The Instone airline — later to carry passengers — has long since disappeared, becoming part of Imperial Airways in the 1920s, the forerunner of today's British Airways.

The Instone offices today still have black and white pictures of those early pioneering days hanging on the walls.

Today, Jeremy Instone is managing director of InstoneAir, a company that builds and leases a fleet of specialist horse stalls for airfreight, but also arranges aircraft charters for equines, livestock and zoo animals involved in breeding or conservation programmes.

"We appeared on the scene in about 1979 after meeting a friend in a London pub who was transporting horses to Australia and was not happy with the British freighter companies he was using.

"He was probably paying a bit too much and we knew some people at Cargolux, so we phoned them and asked if they fancied flying horses from Heathrow to Sydney.

"They said 'yes, we will give it a go on a DC8-63 freighter'. We got a price from them which was significantly less than what our friend was paying."

Instone built some basic wooden walk-on, walk-off horseboxes for the flight, which was successful and resulted in Instone becoming Cargolux's horse transport GSA.

Other GSA appointments would follow in the years ahead, including Flying Tigers (later taken over by FedEx), Burlington Air Express and ATI.

It was "quite tricky" for the start-up because the established horse transport airlines contested the flying rights applications by Instone.

"Fifth freedom traffic rights in those days allowed us to operate a certain number of flights between two city points, something like five per year between Heathrow and Sydney.

"Beyond that number of flights, there must be 'no objections' from the other airlines which, of course, were not forthcoming. So, we said 'okay we will now operate between Heathrow and Melbourne', and so it went on with the fun and games."

The 1970s flight from London to Sydney could take up to 30 hours or more due to quarantine rules which meant the aircraft had to fly via Toronto and across to Calgary or Vancouver, then down to Honolulu and on to Fiji, and from there to Australia.

"It was a pretty long flight for the horses, but we had about 12 grooms on those flights in the good old days of the DC8, which had sufficient seats at the back of the aircraft."

The backhaul flight would quite often take horses from Australia to Kuala Lumpur, Bangkok or Hong Kong "and then sometimes from those points we would wend our way with freight to Europe".

Equine market

Official statistics are hard to come by for the total equine market but Instone estimates that around 60,000 horses are air transported every year, helped by the emergence of the Middle East cargo carriers with large freighter fleets on scheduled services, and the wealthy region's fascination with horse racing, show jumping and eventing.

The "well-loved DC8 freighter is no more" and has been replaced by the Boeing 747F or Boeing B777F, but one issue with chartering modern freighters is having enough seats for the grooms.

"If you've got 100 horses on a B747F, you need quite a lot of seats for the grooms, but some of them can carry a maximum of just five grooms.

"Some B777Fs will take up to nine or in some cases 11 grooms and so, on more modern aircraft, by using better horse stalls and better qualified grooms, you can fly with quite a lot of horses."

Instone would like to see grooms trained for internationally recognised qualifications when flying with horses.

He adds: "There is a pool of professional flying grooms that we use as much as possible, who have been trained not only to look after horses but also in airline procedures and safety.

"But often, shippers want to put their own grooms on board, which is an issue because, due to the lack of seats, you really want top-class people on the aircraft at all times, but sometimes it is not possible to have every seat filled by the most qualified people.

"A few airlines will allow pretty well anyone to fly with a horse, and the groom might not have flown with a horse before and may not be aware of safety issues on a freighter. It is not

'There is a pool of **professional flying grooms** that we use as much as possible, who have been trained not only to look after horses but also in **airline procedures and safety**'

Jeremy Instone, InstoneAir

something we would recommend, but it happens."

Instone is working with the Animal Transport Association (ATA) in a programme that will train 'flying' grooms and issue a certificate to show that they know the fundamentals.

"It is basic, but better than nothing, and yet we still get some resistance because people are asking why should we do it and who is going to pay for it?

"Our attitude is to put a programme in place, get the grooms trained and qualified before there is an incident and it is forced on the industry in a knee-jerk reaction with arbitrary regulations."

IATA has launched its CEIV Live Animals certification, following on from the highly successful programme for pharmaceuticals.

While Instone welcomes CEIV Live Animals and would like to be part of the certification process, along with shippers, handling companies and airlines, he points out that it is broad in scope and may not include groom training.

"The programme probably needs to be divided up because there are equine agents who deal only with horses and are not interested in the other elements of live animals transport."

He would like to see a separate qualification for grooms as a subset of the CEIV qualification, adding: "There are the pet shippers who transport cats and dogs and are not involved in any of the things we are, such as livestock and zoo animals. For us, the overall programme will be pretty useful and for others it will not."

Instone's own fleet of specialist horse stalls, around 500 at present, are either leased out to carriers or employed in the company's charter broker business, as well as being used on scheduled services.

Collapsible stalls

The company has a wide variety of horse stalls available, including its new fully-collapsible Airstable with a solid roof which can be easily transported when empty in an aircraft's bellyhold, reducing positioning or return costs.

InstoneAir's collapsible Airstable was launched at the start of 2020 having received European Technical Standard Order authorisation by the European Aviation Safety Agency (EASA).

All new container types require design and manufacturing approval, and have to comply with FAA, CAA and EASA regulations, including stress-testing: "It is a lengthy, time-consuming and expensive procedure. The mantra is traceability and that means every nut and bolt has to be recorded with copious amounts of paperwork and documentation."

Asked if these stalls are business class for horses, Instone does not hesitate with a riposte: "More first class, I would say."

He adds: "There are still uncertified stalls around and you can still get away with using them if you have got a net over them, but that is likely to change because it has proven to be pretty inadequate. More and more airlines are demanding certified equipment and that is why we've invested to develop the certified range."

Instone adds that these expensive units suffer regular damage from a few "shocking" ground handlers, whose staff regularly puncture horse stalls, thankfully empty of their precious cargo, with forklifts, and he indicated a number of horrendous examples to this reporter when walking around the repair depot. ➜

➜ Instone is currently focusing on the collapsible Airstable with its solid roof that can be turned around to fit the different airframe contours of a B747, MD-11 or most freighter models: "It is quite versatile and useful for the airlines that want to swap things around."

An experiment with air-conditioned horse stables a few years ago was successful, proving horses could travel long distances and still arrive in good condition, but technical issues around weight, batteries and materials proved challenging.

A simpler version is on the drawing board, using lighter fans and exhausts powered by longer-life, aviation-approved rechargeable batteries that do not need cables plugged into the aircraft hold and so would not present an obstacle course for grooms, crew and ground handlers.

The prototype will not be air-conditioned but will instead ensure a constant, filtered airflow, recognised as a key factor in a stress-free flight for horses, some of which can be worth tens of millions of dollars each.

The new stall should be ready for testing by the middle of 2020.

Another strand of equine inflight well-being are plans for sensor patches to be placed on horses to measure a wide range of data, such as the animal's heartbeat and temperature and other external factors such as humidity, during the journey onboard the aircraft.

Says Instone: "Periodically, we see research into the transport of horses, but it is hard to compare like with like, because it depends on the airline, the aircraft type, the age of the aircraft and its ventilation systems, as they can vary substantially. The length of the flight and the routes, as well as many other aspects can also affect the result.

"We are a little sceptical because to get a really good range of results you have to fly on a lot of aircraft and on lots of routes, and it also depends on whether or not you have got freight in the aircraft: whether you've got one airstable and 29 pallets of freight, or half and half, and whether or not there is freight in front of the horse stall, restricting airflow.

"There are a lot of variants to consider, not least the type/size/temperament of the horses so we are a little bit doubtful as some aspects are difficult to control or analyse accurately. I don't want to put people off doing research, but there are some fairly fundamental things that need to be improved first, which include groom qualifications."

He adds: "So any of these exercises are worthwhile but at the end of the day I wonder whether or not they will result in substantial improvements."

Instone owns horses, but rarely bets on races, although many years ago he did transport a horse that had its own aircraft charter.

"I thought that was a good sign and placed a decent bet. It came in at very good odds, just before my honeymoon, so the extra money came in very handy," he says. acn

FACT FILE

- InstoneAir leases 500 specialist, purpose-built horse stalls for international travel via air. It also arranges charters for other animals.
- The company is working with the Animal Transport Association (ATA) to develop a programme that will train 'flying' horse grooms and will issue a certificate to show they know the fundamentals.
- InstoneAir's new collapsible Airstable was launched at the beginning of this year. It can save space — and ultimately costs — when transported empty, on its return, in the bellyhold.

NEXT AIR CARGO NEWS INTERVIEW FERWIN WIERINGA, DAMCO

Special preview

WELCOME

Plug in and get connected

People, planet and performance will be at the top of considerations says Glyn Hughes, IATA global head of cargo

Last year was a very challenging year for the air cargo industry with 12 consecutive months of contracting volumes, an increased number of dangerous goods incidents arising from non-compliant shipments and a challenging global business environment.

On the positive side we saw an increased amount of investment in technology and innovation, a growth in special cargoes and the continued expansion of cross-border e-commerce.

With the reduced volumes and downward pressure on yields we anticipate a reduction in full-year industry revenue of around 10% vs 2018.

Having said that, 2020 brings a new year, a new decade and fresh hope.

The signing of the US/China phase one trade deal should see a calming of tensions between the two global economic superpowers with commitments on both sides, which should be beneficial to global trade.

Air cargo will always be an industry impacted by many influences, including trade disputes, consumer behaviour changes, supply chain evolutions, environmental interests, regulatory changes, fuel price fluctuations, conflict zones as well as people and technology developments.

The key to success is foreseeing the changes and responding effectively.

Therefore, we selected the theme for the World Cargo Symposium (WCS) 2020 of “Embracing Opportunities and Challenges”.

Despite the challenges experienced during the last year we are optimistic about the fortunes going forward.

In addition to the US/China trade agreement, cross-border e-commerce continues to provide growth prospects, as do specialised supply chains in relation to pharmaceutics, fresh and perishable commodities.

Another area that has been very positive and continues to provide signs of encouragement is technology investment.

Airlines, GSSAs, forwarders, ground handlers, truckers, airports and shippers have all invested in innovative and leading-edge tech solutions.

They have done so significantly more so than in recent years so the climate is right, the desire and willingness are there — we just need the parties to plug in, connect and exchange the vital information that is critical for the industry to move forward with high-quality solutions.

Air cargo transports 35% of global trade by value worth around $6trn each year so it’s imperative to embrace the latest technology whilst moving these goods around the globe.

These investments together with a renewed focus on innovation should start to bring rewards in terms of industry efficiencies and enhanced customer service.

This year’s WCS will provide a forum for the entire industry to debate the opportunities and challenges presented by the current market conditions and to help formulate an industry roadmap to deliver the desired results.

We will have significant focus on the sustainability agenda as the industry puts people, planet and performance at the top of considerations.

Discussions will also focus on supply chain safety as we collectively seek to eradicate non-compliant dangerous goods shipments.

The anticipated growth for 2020 is moderate, around 2%, as the challenges continue regarding the international trading environment.

But if we collectively embrace the opportunities and successfully address the challenges then this figure could be exceeded.

This latest edition of the symposium once again brings together industry standard setting governance, networking opportunities, engaging plenary sessions, instructional workshops and tracks, and entertaining celebratory occasions, such as the gala dinner.

We also will be holding the second edition of the FACE UP award programme where young graduates are invited to submit an application introducing themselves and summarising their thesis and could win an all expenses trip to the WCS as a result.

For more details see: *iata.org/en/programs/cargo/face-up/*

In closing, I happily invite all industry representatives to join us in Istanbul and help shape the future of this great industry.

DESTINATION ISTANBUL

Turkish Airlines flys the flag

Turkey’s capital Istanbul leads by example in terms of its air cargo handling capabilities, making it an ideal host for the World Cargo Symposium, writes Rachelle Harry.

Despite last year being a challenging one for the airfreight industry, with cargo volumes and demand declining globally, Turkey bucked the trend.

According to WorldACD figures, flagship carrier Turkish Airlines’ airfreight volumes increased by 8.8% in September 2019 while volumes for the global air cargo market as a whole shrank by 5.4%.

Meanwhile, the airline’s own monthly statistics show that over the first 11 months of last year — the latest figures available — Turkish Cargo handled 1.4m tonnes of freight, representing a year-on-year increase of 9.5%.

The Istanbul-headquartered carrier attributed some of its growth to a strong performance in the Far East and Americas markets.

Turkish Cargo currently offers freight capacity to 319 destinations in 126 countries, and it has the oft-stated aim to be one of the world’s top five air cargo carriers by 2023.

The carrier’s chief cargo officer, Turhan Özen, recently told *Air Cargo News*: “We’ll double up our capacity upon acquisition of new-generation aircraft, and add 10 destinations across the continents of Africa, Asia, Europe, South and North America, increasing the number of our cargo destinations to 100 in the upcoming period. By 2023, Turkish Cargo has plans for direct flights to more than 150 destinations.”

Work on the new Istanbul Airport was completed in time for an October 2018 inauguration and full passenger flights began operations in April 2019.

The new airport can initially handle 2m tonnes of cargo per year but has a final phase annual target of 4.5m tonnes, compared with the congested old Atatürk Airport, which handled 1.2m tonnes in 2017.

The new hub has provided a wealth of opportunities for Turkish Cargo to work towards its goal of becoming a top five cargo carrier.

The airline has significantly increased its cargo-handling capacity in Istanbul with the opening of the new airport.

While the airport is in the process of ramping up operations, Turkish Cargo is handling freighter flights at the old Istanbul Atatürk Airport while belly cargo is handled at the new hub.

Özen says: “Thanks to [smart IT] investments in the mega hub, Turkish Cargo will have a facility with an annual capacity to handle 4m tonnes of cargo after all phases are completed.”

Turkish Cargo aims to be a top five cargo carrier by 2023

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PREVIEW

Embracing opportunities and facing challenges

IATA hopes the industry will move from talk to action at the WCS 2020, says Damian Brett

The theme of this year's IATA World Cargo Symposium (WCS) is embracing opportunities and challenges.

The topics match well with the current market; while 2019 was a year of challenges for air cargo as volumes dropped by an estimated 3.3%, 2020 could present some opportunities as IATA predicts a return to growth with a 2.2% improvement to reach 62.4m tonnes.

The event, taking place in Istanbul over three days, comes at a time when trade relations between China and the US are showing some signs of improvement, after a tough couple of years, and the UK has finally confirmed its exit from the European Union.

But tensions continue in the Middle East, the geo-political outlook remains unpredictable and IATA says it expects airlines' cargo yields to remain under pressure despite the improvement in demand outlook.

As a result, cargo revenues are projected to slip for a third year in a row in 2020 with revenues expected to total $101.2bn, down 1.1% from 2019.

With such significant challenges looming, WCS provides a focal point for exchanging ideas, and the agenda topics reflect the often hidden importance of airfreight to global supply chains for products such as pharma, perishables and e-commerce.

In total, the value of goods transported by the air cargo industry is expected to exceed $7.1trn in 2020, representing around 35% of global trade by value but less than 1% by volume.

Meanwhile, on average, the cargo business generates 9% of airline revenues, representing more than twice the revenues from the first-class segment.

Despite this, the industry remains hidden from the public gaze and events like WCS offer the opportunity for air cargo to ensure a co-ordinated approach to tackling regulators and raising the industry's profile.

IATA says that more than 1,000 air cargo leaders are expected to attend this year's event which aims to move the industry "from talk to action".

"The symposium will feature plenary sessions, specialised tracks, workshops and executive summits, tackling aspects related to technology and innovation, security and customs, cargo operations and sustainability," IATA said.

And Istanbul makes for the perfect venue for WCS: the city is the financial capital of the country, while the Istanbul Stock Exchange and the headquarters of many of the biggest companies in Turkey can be found there.

As the industrial centre of Turkey, Istanbul is responsible for 38% of industrial output, transforming cotton, olive oil, fruit, silk and tobacco grown in the surrounding countryside, and producing pharmaceuticals.

Embracing opportunities and challenges

Sunday 8	Monday 9	Tuesday 10		Wednesday 11		Thursday 12		Friday 13	Saturday 14
AMB (9:00-12:30) UPU (9:00-12:30) IATA/UPU Contact Committee (14:00-17:30) CSC (9:00-17:30)	CAC (9:00-17:30) IATA/UPU Contact Committee (9:00-12:30) FoMba SEG (14:00-17:30) CCWG (9:00-11:00) CSWG (11:00-13:00) CBMB (14:00-17:30) Net Rates Steering Group (08:30-17:00) PASS Working Group (14:00-17:30) Cargo Operations & Techology Board (COTB) (14:00 - 17:30) EPIC Workshop (9:00 - 12:30) CEIV Workshop (9:00 - 15:30) Cargo Products Workshop (PASS, IATA Net Rates, Direct Data, DG Autocheck) (9:00-17:30) CargoIQ Board (8:30-17:30) FACES (14:30 - 17:30) Fedagsa meeting (14:00-17:30) Airports Round Table (14:00-15:30) GACAG (16:00-17:30)	Exhibition hall **Networking break 10:30-11:15 (Press Conference)** Exhibition hall	Opening plenary 9:00-12:30	Exhibition hall **Networking break 10:30-11:15** Exhibition hall	Morning Tracks 9:00-12:30 Perishables Cargo Operations Dangerous Goods Freighters Track Cargo Security CES (9:00-12:30) CPG (9:00-12:30)	Exhibition hall **Networking break 10:30-11:15** Exhibition hall	Morning Tracks 9:00-12:30 Live Animals ULD Digital Cargo Focus on Turkey Cargo Environment	Dangerous Goods Board (DGB) (9:00 - 12:30) IATA Cargo Handling Consultative Council (ICHC) (9:00-12:30) Digital Cargo Action Group (DCAG) (9:00 - 12:30)	Dangerous Goods Board (DGB) (9:00-12:30)
		Networking lunch 12:30-14:00		**Networking lunch 12:30-14:00**		**Networking lunch 12:30-14:00**			
		Exhibition hall **Networking break 16:00-16:45** Exhibition hall	Afternoon Plenary Session 14:00-16:00	Exhibition hall **Networking break 15:30-16:15** Exhibition hall	Afternoon Tracks 14:00-17:30 Pharmaceuticals e-Commerce People & Skills Airports Track Trade & Development Cargo Advisory Council (13:30-17:30) CargoIQ AGM (14:00-17:30) CPG (14:00-18:00)	Exhibition hall **Closing Coctail 16:30-18:00** Closing Press Conference	Closing plenary 14:00-16:30	Dangerous Goods Board (DGB) (14:00 - 17:30) IATA Cargo Handling Consultative Council (ICHC) (14:00-17:00) Digital Cargo Action Group (DCAG) (14:00 - 17:30)	Dangerous Goods Board (DGB) (14:00 - 17:30)
	Welcome Reception* WCS Exhibition Area 18:30-20:00	**Airbus Executive Cocktail FACE Young Executive Cocktail Airport & Ground Handlers Cocktail CEIV Partnership Coctail**		**Gala Dinner* Venue: tbc Time: from 19:00**					

***Open to WCS delegates only**

Networking activities	Network during daily coffee and lunch breaks, Welcome reception and Gala Dinner (included in the WCS fee)
Plenary sessions	High level presentations and panel discussions, interactive sessions with the delegates (included in the WCS fee)
Tracks	Choose your best topics and go into more details with industry specialists (included in the WCS fee)
Exhibition hall	Meet exhibitors to understand their solutions for your business (included in the WCS fee)
Pre-event workshops	Choose your best topics and go into more details with industry specialists - open to all (complimentary for WCS attendees)
Products Workshop	Complimentary for WCS attendees - open to airlines, sales agents, freight forwarders, airports, ground handlers, shippers)
Industry meetings	Closed-door meetings **- by invitation only**
Executive meetings	Closed-door meetings **- by invitation only**

US growing pains

Has a lack of investment in cargo infrastructure at US airports put the brakes on growth? Ian Putzger investigates

One international carrier has had to rethink its plans for the US market.

Its ambitions for a freighter service to a major gateway had to be scrapped owing to a crucial detail: the cargo terminal's cooler can accommodate only four or five pallets.

Speaking privately, the airline's head of cargo was incredulous.

"This is a big gateway in the biggest cargo market in the world, and they have only a small cooler," he says.

Carriers that require cooler capacity are also out of luck in Philadelphia, notes Stan Wraight, president and chief executive of Strategic Aviation Solutions International. The only cooler there, is in American Airlines' cargo facility, he points out.

"For the pharma companies, Philadelphia is a preferred gateway for cargo, but they can't use it unless they ship on American," he says.

Forwarders also feel constrained by limitations on US airports.

"Handling infrastructure is still not where it should be. We won't find better solutions on the ground to differentiate ourselves if they can't retrieve the cargo faster," says a senior executive of a large logistics provider.

"We are hearing from airports: 'Come and grow with us – but only if you're willing to sit with our limited infrastructure'," remarks Brandon Fried, executive director of the US Airforwarders Association.

'We are hearing from airports: "**Come and grow** with us — but only if you're willing to sit with our **limited infrastructure**"'

Brandon Fried, US Airforwarders Association

Could e-commerce fuel investment at US airports?

"Procrastination to build out infrastructure has resulted in unsurpassed truck congestion and stifling of commercial expansion."

Wraight blames these shortcomings and the repercussions for cargo traffic on the hands-off landlord model that the majority of US airports have embraced.

"Airports that are landlords-only don't get the business. That's why Cincinnati now has 200,000 jobs," he says.

Fried reckons that the dramatic growth of e-commerce may be giving some airport authorities food for thought.

"Cargo has always been seen as the ugly stepchild. Now, as e-commerce is booming, it is getting attention. E-commerce is a driver," he reflects.

It has not put cargo development in the fast lane in Los Angeles, though.

In late September, Los Angeles World Airports (LAWA) confirmed speculation that the much needed development of a new cargo complex at Los Angeles International Airport (LAX) would be postponed.

Originally, the project was part of a $16bn undertaking to upgrade the airport's set-up, with the bulk of the funding going to the expansion and modernisation of the passenger facilities before the Olympic Games in 2028.

However, LAWA decided to shelve the cargo expansion for two years.

According to one source, it was facing resistance from the local community fearing the impact of work on multiple projects going on simultaneously.

In a statement LAWA declared that "we expect to begin the initial planning of a future cargo project in 2021".

As Fried points out, this means a delay of considerably more than two years.

"They're not only deferring this until they've developed the passenger terminal, but during the deferment they'll have to start the proposal again. They can't just get started on the construction of the cargo complex," he says.

Life in the slow lane

For the long-suffering operators, this means years more of being stuck in the slow lane — literally.

One of the ills that the new complex is supposed to address is poor truck access to the cargo area.

It is not unusual for truckers to spend five or six hours waiting for their turn to have their cargo unloaded or loaded. These delays are costly.

"I see truckers getting hammered for rates and having to put more hours in," reports Peter Lamy, president of American Worldwide Agencies (AWA).

'I see **truckers** getting **hammered for rates** and having to put more hours in'

Peter Lamy, American Worldwide Agencies

According to Fried, forwarders are often caught in the middle when shippers bristle at extra fees for waiting and storage charges from airlines or handlers.

Moreover, the status quo puts the shackles on development. Carriers with ambitions to expand their cargo activities at LAX are out of luck, remarks Shawn McWhorter, president of Nippon Cargo Airlines Americas.

"If you wanted to go large scale in LAX now, you couldn't do it. There's no capacity for that," he says.

Fried notes that the current slowdown in air cargo growth has eased the pressure on airport capacity somewhat.

However, e-commerce continues to expand, and general growth should revive as the US and China make progress on their stand-off, he warns.

"If the general market recovers and the China-US issue is resolved, you don't want ageing airport infrastructure to get in the way," he says.

In a number of locations there is no land available to build on, but Fried does not buy this argument. Some Asian airports are faced with the same issue, but they have resolved it by building vertically, he points out.

Inadequate infrastructure and capacity could prompt some carriers and forwarders to turn to alternative airports, notwithstanding their limited networks, he reckons.

AWA is already moving in this direction. "We're talking to airlines in San Francisco, Las Vegas and San Diego to truck cargo from here to bypass LAX," says Lamy. acn

Say it with flowers

Flower transportation comes with its own set of issues — this complex supply chain requires specialist care to maintain shelf life and vase life, writes Roger Hailey

If cargo airlines had a patron saint of flower logistics, it would be that old romantic, St Valentine.

The complex supply chain behind St Valentine's Day on February 14 provides thousands of tonnes of temperature-sensitive flowers stemming out of Africa and South America to markets worldwide.

The same can be said for Mother's Day, another generator of sizeable volumes of delicate flowers that have to be picked on the farm, trucked to an airport and then flown within tight deadlines and narrow temperature ranges to extend the supermarket shelf life and the vase life of the flowers.

Those last two elements, shelf life and vase life, saw Air France KLM Martinair Cargo (AFKLMP) join forces with Kenya-based FlowerWatch, a specialist in assessing and optimising full cool chain performance for fresh flowers.

'Within this ecosystem we have looked at the process and where can we do better by applying a certain number of good practices'

Eric Mauroux, AFKLMP Cargo

FlowerWatch managing director Jeroen van der Hulst, who started his business 15 years ago after working as a quality controller in the Dutch flower auctions, says that quality makes a big difference to the bottom line.

For example, a farm producing 1m stems per week at $0.20 per stem while its neighbour is selling at $0.22 per stem is losing out by $20,000.

Says van der Hulst: "We started a quality control service and launched a laboratory to test flowers in terms of their longevity, the vase life, by monitoring cool chain performance.

"We were experts in pointing out what was wrong and what was necessary, but we did not yet have the final answer to the problem.

"Customers were asking us what they needed to do. If you take a parallel with the food business, then governments and retailers have set hygiene standards in cool chains.

"It just didn't happen in our industry, and so at FlowerWatch, we set an international quality standard for transporting flowers, to get the right vase life throughout the year, for every shipment.

"We want to push the vase life guarantee from 70%-80% to 95%."

FlowerWatch is not alone. In March 2019, IATA launched its Centre for Excellence for Perishable Logistics (CEIV Fresh) — to improve the handling and the transport by air of perishable products, to ensure that delicate and short shelf-life products "reach the customer unspoiled with minimal waste and loss".

CEIV Fresh is based primarily on the IATA Perishable Cargo Regulations (PCR) which combines professional regulatory and operational input from industry and government experts.

The Airport Authority Hong Kong (AAHK), Cathay Pacific, Cathay Pacific Services Ltd (CPSL) and Hong Kong Air Cargo Terminals Limited (HACTL) were the first organisations to pilot the CEIV Fresh programme, taking a community approach to certification.

Eric Mauroux, director verticals — global head of perishables AFKLMP Cargo, welcomes the IATA programme but says that the partnership with FlowerWatch goes beyond CEIV Fresh because it involves all the actors in the chain, "so our commitment from farm to vase is that we will not generate more than 500 degree hours [multiplying the transport time by the degrees Celsius] out of Colombia and 300 degree hours out of Kenya".

Emirates SkyCargo operated nine flower charters for Valentine's Day in 2019

"And by doing that we can save three days of shelf life, which is a lot of money and value creation, but we cannot do it on our own because even if we provide a perfect service, that will not be enough.

"We are only one actor in the chain, so we talk to all the actors: the farms, the ground handlers, the trucking companies and the importers.

"Within this ecosystem we have looked at the process and where can we do better by applying a certain number of good practices."

A living cargo

Van der Hulst makes the point that other fresh supply chain products, like fish or meat, are already 'dead' when entering the supply chain and by keeping them cool they will stay cool: "But flowers are more closely related to transporting live chicks, because our flowers are alive and they breathe oxygen and burn their carbohydrates, producing CO_2 and heat as a waste product."

He continues: "With flowers we have a living, respirating, heat-producing product — unlike fish, meat or cheese — so a [supply chain] model with general temperatures, with highs and lows excursions, will not work for flowers.

"We need to look at temperature exposure and what we have seen in non-flower cargo groups is that as soon as you deliver the flowers to the ground handler, the temperature will go up. You blame the ground handler and the airline, but the temperature increase is not due to the airline but to the flowers producing their own heat.

"By looking at the temperature exposure, at degree hours, we have a working system for the performance of the whole supply chain including all of the partners from the farm to the trucker, the ground handler, the freight forwarder and the consignee."

Flowers grown in Kenya, for example, absorb a lot of energy from the African sun, but when they are removed from the light and are placed in a dark warehouse: "The flowers are respiring fast and all of the energy we put into the product is going down and when the batteries are empty then the flower is dead," he says.

The most effective tool in reducing flower respiration is by bringing down the temperature.

Says van der Hulst: "If you bring flowers down from 20 degrees Celsius to 10 degrees Celsius you reduce the respiration and the loss of energy by 50% and if you bring it down to one degrees Celsius then we reduce the respiration rate to between 10% and 20%, so hardly any energy gets lost and hardly any quality or vase life is lost."

Mauroux says that as the quality standard is in place, the next "big target" for 2020 is to roll out the digital layer of the FlowerWatch approach with both parties assessing the various data logger options for measuring temperature.

LATAM Cargo transported 9,000 tonnes of flowers for Valentine's Day

Active loggers

One possibility is active loggers, placed in the flower box at the farm, which measure and transmit real-time information and are then removed from the box by the importer on arrival. All supply chain partners share temperature curve data via the Cloud. This system is already being trialled with Colombian flower exports.

But the challenge, says Mauroux, is to roll out this technology on a bigger scale and to capture more measurements: "You need to make some choices to see which is the most adaptive technology, because active sensors are extremely expensive and cost around €400 each, so you can imagine the expense if you want to put one logger per box.

"One logger per shipment will not be workable, but there are other passive technologies to record information in the box that you access by plugging it into your PC. There are other technologies based on Bluetooth or near field communication (NFC).

"There are also ways of adding static loggers in the chain to measure the temperature in the aircraft or in the truck or in the fridge at the ground handling facilities.

"That is what we're busy doing this year, assessing all the different technologies and experiment data-sharing proof of concepts on specific trade lanes."

LATAM Cargo is a major player in the perishables market out of South America, with 15% of its volumes being flowers from Colombia and Ecuador to the US, the main export market at 85% of volumes, followed by Europe at 10% and the rest of the world at 5%.

In 2019 it transported 9,000 tonnes of flowers in more than 140 flights from Colombia and Ecuador over 25 days for St Valentine's Day, and then 7,400 tonnes of fresh flowers for Mother's Day.

Cristina Oñate, vice president marketing and product development at LATAM Cargo, based in Miami, says: "The most renowned flowers from Ecuador and Colombia are the roses, with those from Ecuador being a premium product in the world because of their size and the colour."

Miami, just four hours' flying time, is LATAM Cargo's entry point for flowers into the US from where consignments are trucked to other inland points.

An additional US gateway, to handle flower traffic going to an expanding Asian market, is a possibility but no decision has been taken as yet.

The St Valentine's and Mother's Day peak seasons, around three weeks each, together account for between 60-80% of total annual flower volumes for LATAM Cargo.

The carrier recently added three converted Boeing 767-300 freighters to its fleet, making 11 B767 freighters in its fleet at the end of 2019.

That enabled it to run 45 scheduled international freighter flights per week out of Bogotá, Medellín and Quito. In the flower peak season, the number of flights increases to 60.

Freighters transport around 95% of the carrier's flower volumes and ➜

are located on aircraft stands very close to each of the cargo terminals, which means there is no need for temperature-controlled dollies to transfer flowers.

The carrier has also cut down on the transfer time for freighters, from six hours to four hours, as part of its service upgrade.

The remaining 5% of flower volumes are carried in passenger aircraft bellyholds, the majority at Sao Paulo's Guarulhos airport where a 17,000 sq ft perishables hub opened in January this year.

It adds 33% more capacity at Guarulhos, of which nearly 9,000 sq ft is in temperature-controlled cool chain facilities for a wide range of fruit, fish and flower shipments.

AFKLMP has joined forces with Kenya-based FlowerWatch to improve quality controls

Online monitoring system

LATAM Cargo has installed an online monitoring system at its coolers in Bogotá, Quito and Miami.

The data goes to a centralised quality assurance team that is alerted to any deviation from the required temperature protocols for flowers.

Dubai-hubbed Emirates SkyCargo operated nine special flower charters covering five continents in 2019 for Valentine's Day. It operates seven freighter flights from Kenya to the Netherlands every week and a four-times-a-week service from Quito to the Netherlands.

These flights are operated by Boeing 777 freighters, each with a capacity of around 100 tonnes per flight. The carrier also has flowers moving from other markets such as South Africa, India, Sri Lanka, Ethiopia and Zambia on passenger aircraft to various destinations.

Dennis Lister, Emirates vice president cargo commercial development, says: "We work closely with the growers, shippers, forwarders and customers to develop our guiding principles for flower transportation and of course we also welcome any suitable guidelines issued by industry associations such as IATA that help us transport and deliver flowers under the best possible conditions."

Between January and November 2019, Emirates SkyCargo transported around 42,000 tonnes of flowers, with its top markets for flower transport (both export and import) including Kenya, Ecuador, Netherlands, South Africa and India.

Says Lister: "Netherlands is of course a very big import market for flowers coming in from the major flower producing nations like Kenya and Ecuador, but some of the other important markets on our network include the Middle East and Australia.

"For Valentine's Day in 2019, we operated the first direct flower freighter from Nairobi to Sydney. We are also seeing increased imports of flowers into markets such as UK, China and the US.

"Through our network spread and connectivity between our freighter and passenger services through Dubai, we have been able to facilitate growing flower trade between South America and East Asia as well as between Africa and Europe."

He adds that the ventilated cool dollies deployed for the Middle East carrier's Emirates Fresh Breathe Product are one of a kind.

"We essentially created a mobile storage unit for the ramp that we can move from aircraft to our facility or another aircraft for transhipments at a desired set temperature, ranging from -20 degrees Celsius to 20 degrees Celsius, all the while ensuring the fresh air is constantly circulated inside the storage chamber.

"This means there is no build of CO_2 within the cool dolly and thereby ensuring the perishables, in this case flowers, are always fresh. We currently deploy 17 lowerdeck ventilated cool dollies to support our passenger operations and two maindeck ventilated cool dollies to support our freighter operations.

"In addition, we also have close to 60 standard cool dollies for temperature-controlled ramp and terminal transfers at Dubai."

> 'For **Valentine's Day in 2019**, we operated the **first direct flower freighter** from Nairobi to Sydney'
>
> Dennis Lister, Emirates

Two Dubai terminals

Emirates has two modern cargo terminals in Dubai — at Dubai International Airport and at Dubai World Central (DWC).

The DWC facility has more than 15,000 sq m of temperature-controlled storage space while there is a temperature-controlled road feeder service between the two Dubai hubs.

Lister reports that Emirates has seen a trend where major flower producers are connecting directly with their end customers.

"This means that in some instances they are not looking to fly their flowers to a distribution centre but to the end destination directly.

"For example, in February 2019 we operated the first ever direct flower charter from Nairobi to Sydney. Similarly, we also operated a flower charter from Quito to Los Angeles.

"Transport of perishables and flowers is one of our stable and growing verticals. Also, with Dubai Expo 2020 around the corner, we expect demand for perishables and flowers in our home market to be high with millions of visitors expected in the region." acn

Finavia Corporation

Mixing markets

The Nordic region continues to remain unaffected by global trade tensions and a faltering economy, but key players are far from complacent, writes Mike Bryant

While global trade tensions and stuttering economic performance has had its impact on airfreight flows, some markets have remained less affected than others.

The Nordic region appears to be one of those, and the cargo carriers, freight gateways and cargo GSSAs based there are working hard to buck the global downward trend.

SAS, which might be considered the flag-carrier for the Scandinavian region, has a significant air cargo operation. And Leif Rasmussen, president and chief executive of SAS Cargo, confirms: "The Scandinavian market in general seems to be performing better than the countries in the Eurozone, as the level of production and new orders — according to the Purchasing Manager Index — is higher in Scandinavia."

Times aren't easy, of course: "[We] had a very good fiscal year 2018, which is going to be difficult to repeat [in 2019]," Rasmussen says.

Traffic development at SAS Cargo followed the market in 2019.

"However, we still see a good business, in particular among customers with requirements for a strong delivery performance, as SAS Cargo is ranked number one according to the IATA Customer Promise Performance Index," he adds.

There are of course differences in how the individual Scandinavian markets are performing and, Rasmussen explains: "The reasons for the differences in export/air cargo demand within the individual Scandinavian markets is mainly due to different commodity mixes.

"The main export out of Norway is fresh salmon, volumes of which have been increasing for a number of years.

"The improved relationship between Norway and China has boosted salmon exports to China.

"Denmark has a large export of pharmaceuticals, and products for climate and energy improvements, which are less sensitive towards a mature/declining market situation.

"Sweden has some issues, which may be related to a slowdown in the automotive sector and change in technologies."

Whatever the individual national markets in which SAS has its hubs — and it has them in all three Scandinavian nations — Rasmussen is expecting no decline in the carrier's traffic.

"We expect a modest growth in Scandinavian air cargo demand over the next 12 months," he predicts.

"And through development and improvement of customer offerings, we expect to remain attractive in the market."

Good news at Finnair Cargo

Like SAS Cargo's boss, the managing director of Finnair Cargo, Mikko Tainio, is also in positive mood.

"The markets in Finland and the Nordics are doing well, and give a good baseline for our business," he says.

"We are seeing good growth in the perishable segments, helped by our world-class temperature-controlled facilities in Helsinki and the new CEIV pharma certificate gained for our COOL cargo terminal [there].

"In the third quarter of 2019, special products continued to grow in demand from Europe to Asia. This was on top of good growth in the second quarter.

"Despite the global challenges, Finnair Cargo saw steady growth in the first half of 2019. Long-haul capacity increased with two new A350 aircraft that entered service in December 2018 and in February 2019."

As at SAS Cargo, it's not all perfect at Finnair.

"Compared with a year ago, we are seeing the same slowdown reported by the industry in some of our Asian markets and this has been particularly apparent in the last three months," Tainio reports of the market leading up to November. "Analysing our good performance metrics from 2019, in five out of [the first] 10 months we could report that performance out of the Nordics was strong and drove our growth."

Finnair Cargo carries a wide range of freight types and some of the more specialised types have maintained or grown in traffic volumes.

"No one can talk about Norwegian seafood imports to Japan and Korea without talking about Finnair Cargo and that continues to be excellent business for us," Tainio informs.

"During 2017-18 we saw growth of pharma of 39% and pharma countries are also part of the reason why we can point to the Nordics as being good for business.

"There is clear upward demand for Nordic gourmet foods and beverages in Asia.

"Export growth in China has risen more than 50% from 2018, while Japan has seen growth of 23%. Japan has imported Finnish poultry products, meats and eggs since March 2018, with South Korea following suit. Hong Kong and Japan are buying more Finnish pork."

Alongside the new freight capacity added last year, alluded to above, new routes also opened up new possibilities for Finnair Cargo.

Finland's flag-carrier opened a new route to Beijing International Daxing Airport on Mondays, Wednesdays and Sundays using an A330 aircraft on November 3, for instance.

The new service complements Finnair's daily flights to Beijing Capital Airport.

Finnair Cargo also opened flights to and from Keflavik in Iceland for cargo bookings on November 1. The link is operated by A319/A320/A321 equipment.

Plus, Finnair opened a new route for the winter 2019-20 season to Sapporo, Japan, which is operating between December 15 last year and March 27, with twice weekly frequencies.

Sapporo is the airline's fifth destination in Japan, complementing Tokyo Narita, Osaka, Nagoya and Fukuoka.

Hubbing on Helsinki

Home to Finnair Cargo is Helsinki Airport, Finland's biggest airfreight hub, and another important player in the Nordic region's air cargo industry.

It is bucking the trend when it comes to recent cargo traffic, as Petri Vuori, vice president, sales and route development director at Finavia, the airport's operator, attests: "Helsinki Airport's cargo volumes have grown nicely over the past 12 months, due to increased capacity on the market.

"Outbound volumes have seen somewhat bigger growth than inbound," Vuori adds.

"We have seen a total growth of 30,000 tonnes [over the last year], which has contributed to our overall growth as a main airline hub between Asia and Europe."

Capacity on Asian and North American routes from the Finnish capital has grown over the last 12 months or so, supporting the cargo traffic growth.

The gateway also welcomed three new Chinese airlines to Helsinki last year and they have all carried substantial amounts of belly cargo.

As to the future, Vuori is expecting further routes and increased capacity to Asia this year, which will further increase cargo volumes through the airport.

Another major airport operator in the region, Swedavia — Sweden's national airport operator — was seeing good volumes, at least up until last year. Since 2015, the operator had enjoyed an average increase of 6% per year, but last year the Swedish air cargo market suffered from weaker demand, explains Ylva Arvidsson, director cargo at Swedavia.

That decline in the Swedish market can be attributed to a number of reasons, she suggests.

"Sweden is a small country very much dependent on trade with other countries.

"We are seeing more trade barriers between countries which are of course worrying for our business and the negative effect on our air trade is almost instant.

"Furthermore, we can now see a slowdown in the Swedish and the global economy that also has an impact on the Swedish air cargo business.

"As for our main airport, Stockholm-Arlanda, we have seen a decrease in widebody aircraft which means less cargo capacity and a decrease in cargo tonnage compared with last year.

"The available cargo capacity on direct flights from Stockholm to Hong Kong and the US has decreased, which is negative for our industry as it means longer transport times for the cargo."

She adds: "Gothenburg-Landvetter is more or less on the same level as last year, thanks to more capacity for cargo on the Qatar [Airways] passenger flights that started operating in December last year."

In terms of product mixes, the express companies have, in general, increased their volumes in Sweden compared with last year.

The Swedish postal company, PostNord, has also increased its e-commerce volumes of late, although it is not yet back to the large numbers it handled at Swedavia gateways through to the summer of 2017.

However, the demand for general cargo has decreased compared with last year, mainly in terms of imports.

Traffic in machinery, high-tech goods and cargo related to the automotive businesses are all struggling.

For the future, more capacity will be available as a result of ANA launching a direct passenger route between Stockholm and Tokyo in June this year. Japan is one of the most in-demand and direct connections for cargo from Sweden, Arvidsson points out. acn

DATA HUB

AIRLINE DEMAND

November sees slower contraction in airfreight volumes

IATA's latest airfreight market analysis, which details figures for November 2019, noted that industry-wide freight tonne kms (FTKs) dipped by 1.1% year on year.

This marked the 13th consecutive month of year-on-year declines in airfreight volumes.

However, November's performance was also the best in eight months, because it showed the slowest year-on-year rate of contraction since March 2019.

IATA suggested that the slowdown in declines in November could have been due to huge e-commerce events, such as Single's Day in Asia and Black Friday, which both took place that month.

However, October and November's performance still marked a disappointing start to the peak season, which is usually the busiest time of year by far in terms of airfreight demand.

Alexandre de Juniac, director general and chief executive of IATA, believes the peak season was hindered by factors such as the US-China trade war.

"Demand for air cargo in November was down 1.1% compared with the previous year," de Juniac commented.

"That's better than the 3.5% decline posted in October, but it is a big disappointment considering that the fourth quarter is usually air cargo's peak season".

On a slightly more positive note, he added: "Looking forward, signs of a thawing in US-China trade tensions are good news, but trading conditions at present remain very challenging."

Regionally, in November 2019, airlines based in Africa displayed the fastest growth out of all the regions, with a 19.8% year-on-year increase in demand.

Capacity for Africa-based airlines increased 13.7% year on year.

The region's strong performance is likely due to strong trade and investment links with Asia as a result of the trade war, IATA said.

In November, Europe-based airlines posted a 2.6% year-on-year increase in airfreight demand.

This was the first time in six months that the region performed positively.

Meanwhile, capacity for Europe-based airlines increased by 4% year on year.

IATA suggested that better-than-expected economic activity in the third quarter of last year, in some of the region's large economies, helped to support demand.

North American carriers experienced a 1.1% decrease in demand in November 2019 year on year, and a capacity increase of 3.3%.

"Slower growth in the US economy and trade tensions with China have affected demand," IATA pointed out.

However, "positive progress in trade negotiations between both countries highlighted by the 'phase one' deal is a positive development".

Airlines from the Latin America region experienced a year-on-year decrease of 3.4% in freight demand. Airfreight capacity for the region in November also decreased by 2.3% year on year.

Meanwhile, the Middle East region's airlines experienced a 3% year-on-year decline in November 2019.

This figure was down from the 5.7% year-on-year drop in October 2019.

Airfreight capacity in the region increased by 2.6%.

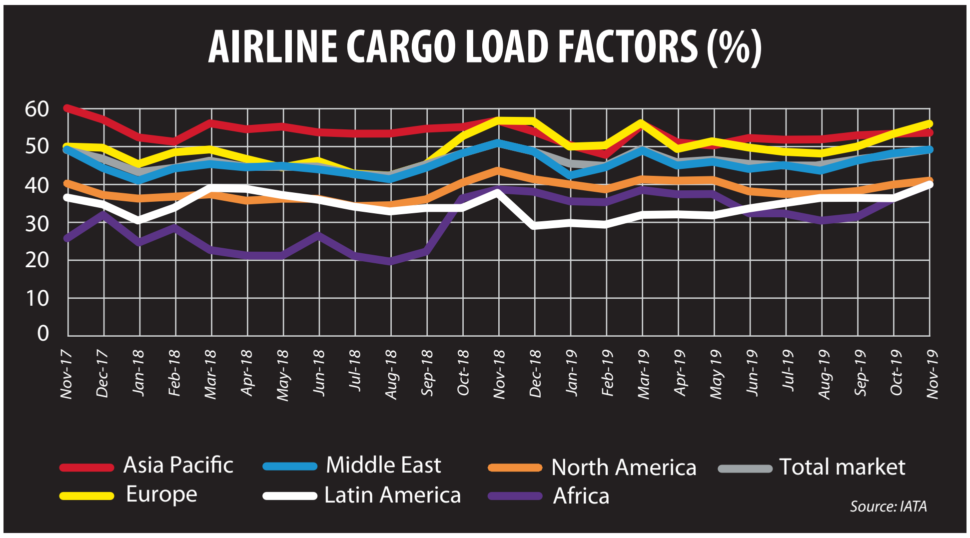
Asia Pacific-based airlines saw demand for airfreight drop by 3.7% in November 2019, compared with the same period in 2018, and capacity increased by 1.8%.

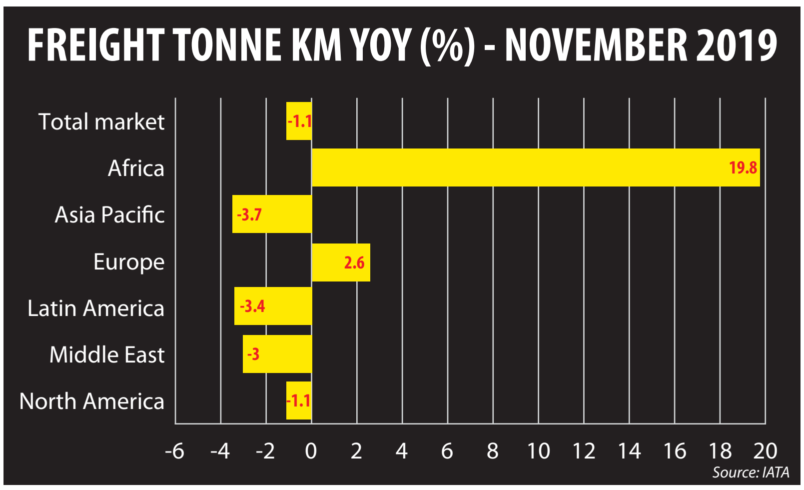
The Asia Pacific's decline in airfreight demand in November was the sharpest of all of the regions and it highlights the impact of the US-China trade war.

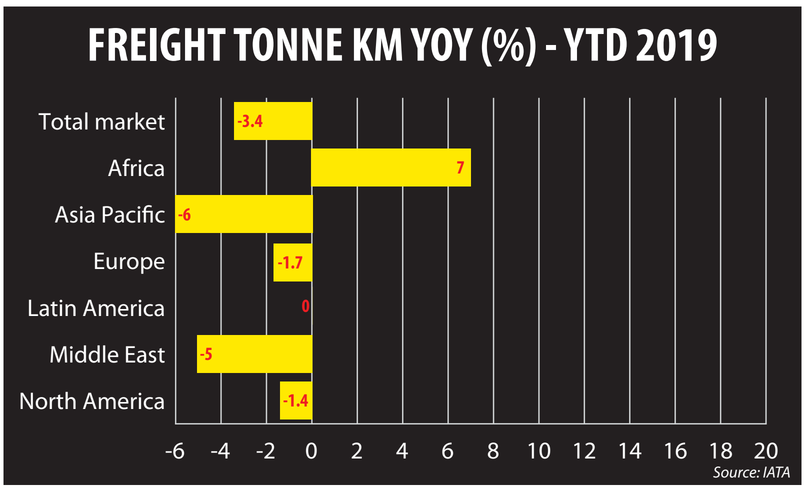
Overall, pressures on global declining volumes appear to be easing, setting up the path for more positive performances in 2020.

Figures from analyst WorldACD depict a similar market landscape: cargo demand in chargeable weight declined by 2.5% in November, an improvement on declines of 6.9% in August, 5.3% in September and 4.7% in October.

Meanwhile, the analyst said, load factors have climbed steadily since August, improving by 2 to 2.5 percentage points in September, October and November.







AIRFREIGHT RATES

Positive longer term perspective

Airfreight rates on major east-west trade lanes ended 2019 behind 2018 levels, but the picture is more positive when taking a longer term perspective.

Data from TAC Index shows that in December rates on services from Hong Kong to North America declined by 22.6% on 2018 to an average of $3.62 per kg.

On services from Hong Kong to Europe there was a 10% year-on-year decline for the month to $3.15 per kg.

The performance on both trades is in line with recent months and it reflects a decline in the overall air cargo market in 2019.

While the drop off in prices compared with 2018 may not be good news for carriers — compounded by an estimated decline in volumes of 3.3% on a year earlier — overall performance for 2019 stands up well when compared with recent years.

For both routes, last year saw prices at their second highest average level since 2015.

The average price on the Hong Kong-North America route in 2019 stood at $3.54 per kg.

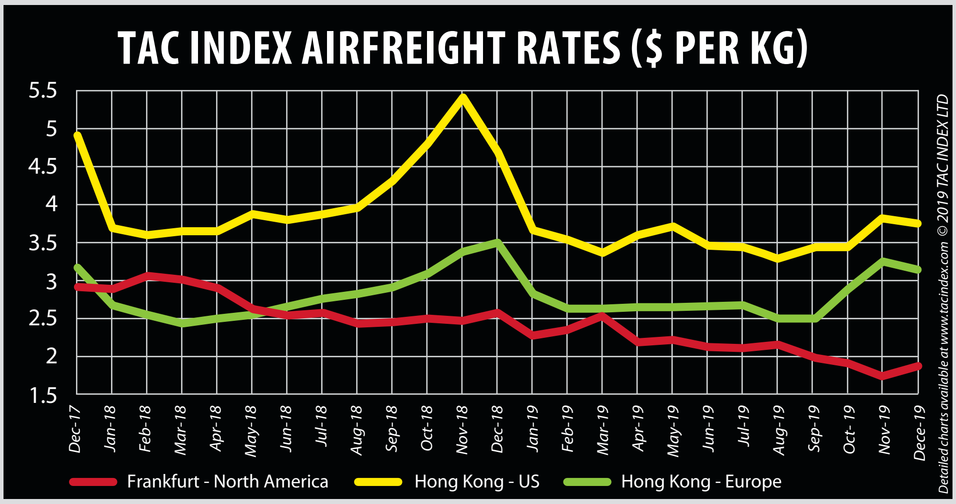
This lags behind the $4.11 per kg reported in 2018, but it is up slightly on 2017's $3.53 per kg, 2016's $2.82 and 2015's $3.40 per kg.

On Hong Kong-Europe, average prices in 2019 stood at $2.75 per kg, which is behind $2.82 per kg in 2018, but up on 2017's $2.41 per kg, $2.14 per kg in 2016 and 2.57 per kg in 2015.

Looking ahead, derivatives broker Freight Investor Services (FIS) said indicators are improving for the coming 12 months.

"Trade wars are set to resolve, although much of this appears to rely on Trump's activity on his Twitter account, Brexit appears to be laid in, and inventory cycling appears to be at a recovery point," FIS said in a weekly a round-up.

"[However], as usual we end up with a highly peculiar and uncertain set of macro-economic and geo-political conditions that remove any sense of comforting certainty."



AIRPORT THROUGHPUT

Improvements after a tough year

Airfreight traffic at European airports showed signs of improvement in November after a tough year.

The latest monthly figures from Airports Council International (ACI) Europe show that the airports in the region saw cargo traffic decline by 0.3% year on year in November.

While European airports are still seeing their air cargo traffic decline, this is an improvement on the 2.2% decrease reported over the first 11 months of the year.

ACI Europe said the improvement was fuelled by a "sharp increase in freight volumes at non-European Union (EU) airports".

As in preceding months, the downturn in freight traffic in November remained focused on EU airports, which were down by 2%, while non-EU airports posted a "robust increase" of 9%.

Out of the top 10 European airports for freight, only three saw their traffic increase: Madrid-Barajas (13.5%), Luxembourg (5.5%) and Liège (5.1%).

Looking at performance at the region's largest cargo hubs, Frankfurt saw its cargo traffic decline by 5.4% year on year to 175,873 tonnes in November, Paris CDG was 10.3% behind a year ago at 157,000 tonnes, Amsterdam Schiphol was down by 5.4% to 136,256 tonnes and London Heathrow declined by 2.9% to 134,327 tonnes.

Looking ahead, figures are expected to end the year on a low note.

Major European airlines have already reported their figures for December and Lufthansa, Air France KLM and IAG all showed a decline in performance compared with November.

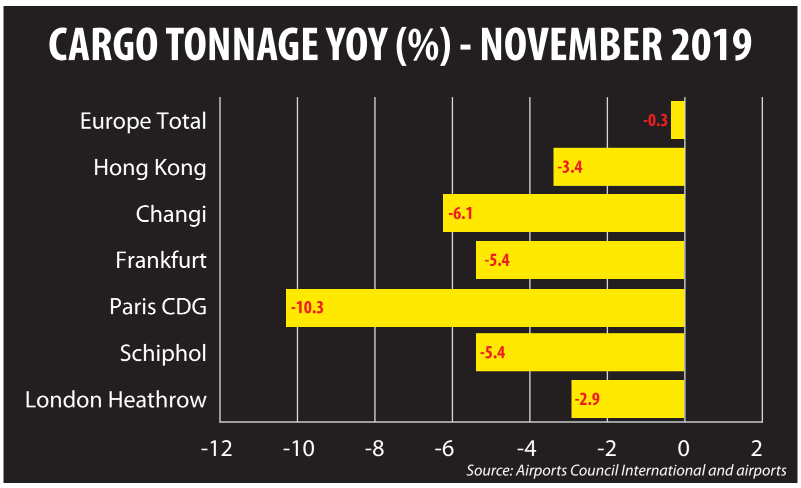
Elsewhere, the world's largest cargo hub, Hong Kong, saw its cargo volumes for the month decline by 3.4% year on year to 450,000 tonnes.

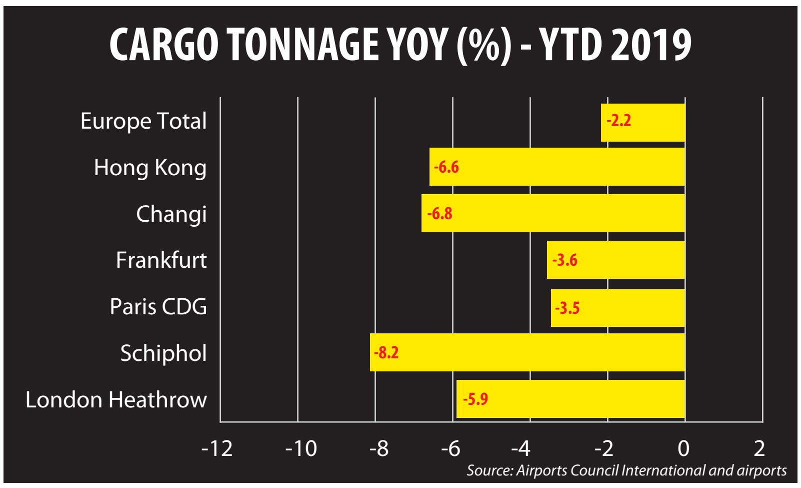
Over the first 11 months of the year cargo volumes at the Asian hub are 6.6% down on the same period a year earlier to 4.8m tonnes.

"While overall cargo exports recorded a 1% decline year on year, cargo exported to Japan and Europe saw positive growth among key trading regions," the airport said.

Meanwhile, Changi saw its air cargo traffic for November decline by 6.1% year on year to 178,000 tonnes.

This is a slight improvement compared with performance over the first 11 months of the year, when the Singapore airport registered a 6.8% decline compared with a year ago to 1.8m tonnes.





CONTAINER SHIPPING

Quayside conundrum

Container shipping lines began the year with a series of service cancellations, resulting in containers being left on the quay.

Shipping line alliance partners — and the industry's biggest players — Maersk Line and MSC announced a series of service cancellations covering services from Asia.

The partners said that they would cancel seven weekly sailings of their Asia-North Europe services in February and March.

Meanwhile, three sailings on services between Asia and the Mediterranean would be axed in March.

Services between Asia and North America will see a total of 13 cancellations in February and March.

"In connection with the upcoming Chinese New Year period, Maersk has endeavoured to balance our network to match reduced demand," Maersk Line said in a customer advisory.

"Our aim is to minimise the impact on customers and provide them with predictability by making a structural change and securing alternative routings."

Overbooked vessels

Ahead of the Chinese New Year, forwarders were already reporting that containers were being rolled.

"This is the worst case of overbooking vessel capacity we have seen in years, which is resulting in an abnormal amount of container rolling," one forwarder reported.

"Our affected containers seem to be around 3-4% of those that are booked, while other forwarders are experiencing up to 30%.

"However, even for our low number of rolled containers, there is no control on which ones are selected."

Another forwarder, Flexport, also reported that on services to the US east and west coasts vessels were full and containers were being rolled.

On services from Asia to Europe, Flexport said that space is extremely tight and shippers need to make bookings 21 days in advance.

Looking ahead, consultant Drewry has predicted in its latest *Container Forecaster* report that box port throughput will increase by a "modest" 3.3% in 2020, compared with a 2.3% rise last year.

"A swift and amicable end to the US-China trade dispute has the potential to give the global economy a boost," said Simon Heaney, senior manager, container research, at Drewry and editor of the *Container Forecaster* report.

"However, that outcome is still only a tantalising possibility and much more work is needed to be done to secure a more permanent trading arrangement between two countries that have a number of seemingly intractable differences to resolve.

"It's a step in the right direction that removes one layer of uncertainty, but as with previous truces the foundations are flimsy and there is still a reasonably high chance that hostilities will be resumed."

The report also highlighted the risk of further protectionist policies on the container market with the threat of extra duties being imposed by the US on cars and components shipped from Europe, which are a major commodity bloc for the containerised transportation industry.

Shipping forecast

In summary, for 2020, Drewry is forecasting faster demand growth than in 2019, a slight increase of overcapacity, higher rates (including bunkers) than in 2019 and a small reduction in (already low) annual carrier profits.

Added Heaney: "Having been down this road before, shippers will rightly be wary and are likely to continue examining contingency plans that will require more diverse shipping networks."

PEOPLE

CEVA shake up

Mathieu Friedberg

CEVA Logistics has replaced chief executive Nicolas Sartini, who took the role in June last year, with Mathieu Friedberg who was previously senior vice president commercial and agencies network at parent company CMA CGM.

The move is part of a wider shake up of the senior management team.

Brussels Cargo centralises

Nathan De Valck

Brussels Airport has centralised the responsibility of all activities in the cargo zone within the cargo business unit.

The unit will remain under the leadership of Steven Polmans, who was appointed director cargo and logistics at the end of last year.

In line with this, Nathan De Valck will take up the new role of head of product and network development, reporting to Polmans.

Sustainable appointment

Laura Corrales

Forwarder Delmar International has named Laura Corrales as the organisation's first sustainability officer.

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

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

Damco's new EMEA head

Naomi Landman

Damco has appointed Naomi Landman as head of Europe, Middle East and Africa and network strategy to drive growth in 2020.

Landman brings two decades of forwarding experience and airfreight expertise in senior management roles, most recently at GEFCO Netherlands.

QUOTE OF THE ISSUE

'Signs of a thawing in US-China trade tensions are good news, but trading conditions remain very challenging'

Alexandre de Juniac, IATA