



A DYNAMIC APPROACH:

Niall van de Wouw

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RISE OF THE PAX-FREIGHTER: Covid-19

Cargo executives summarise their response to the coronavirus outbreak

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FORWARDERS

Bellyhold shortage set to boost freighter demand

Freight forwarders are expecting to rely on freighter services over the coming months as passenger flights could take time to be re-established.

Deutsche Post DHL chief executive Frank Appel said as a result of the lack of belly capacity forwarders would need to carefully manage charter operations.

"It's very much for the rest of the year unpredictable because we should not assume that long distance travelling with passenger airplanes will get to normal in the second half," he said.

"Maybe we will see the first signs that some travel is happening again, but that's probably longer term."

Kuehne+Nagel chief financial officer Markus Blanka-Graff said that the capacity situation had eased over the last month or so as carriers had been using passenger aircraft to carry cargo.

However, he said this was not sustainable and that freighters would come to be relied upon.

"I think it's premature to expect intercontinental passenger flights to



Freight forwarders expect to need charter flights to meet demand

come back," Blanka-Graff said.

"I believe that will not happen too soon. And on that basis, we rely on freighter capacity."

He added it could be more than a year until bellyhold operations are back to normal.

DSV Panalpina chief executive Jens Bjorn Andersen said the company was working closely with customers to ensure it could meet demand.

"Capacity is really tight in airfreight, and we expect that to be the case in the near-term future," he said.

"We are in very close dialogue with our customers because as they ramp up they are concerned that they will not get capacity."

The latest figures from Accenture's Seabury Consulting show that cargo capacity is 28% lower than a year ago, although this varies depending on trade, as a result of passenger airline cutting services in response to the coronavirus outbreak. The transpacific, for example, has achieved equilibrium with a year ago, while South America-Europe is around 80% down.

AIRLINES

Cargo-only A380 aircraft

The extent of the cargo capacity shortage was highlighted in May when MASKargo operated an A380 aircraft on a cargo-only flight — moving 28 tonnes of e-commerce goods from Kuala Lumpur International (KLIA) to Heathrow.

The airline said that — as far as it is aware — this is the first time an A380 has been used on a cargo-only basis.

"This is definitely an innovative and 'beyond-the-box approach' on our part; as no other Airbus A380 equipped airline that we know, has done this," said Ibrahim Mohamed Salleh, MASKargo's chief executive.

He said that the A350 that was originally scheduled for the flight did not have enough capacity to meet demand.

On the return leg the aircraft was also fully laden with cargo, primarily pharmaceutical products and mail.

Meanwhile, the A380 may be close to finally being used as a freighter aircraft after Lufthansa Technik announced that it was developing a conversion programme as part of its effort to offer temporary passenger-to-cargo modification services. **Read more in our Freighters World supplement.**

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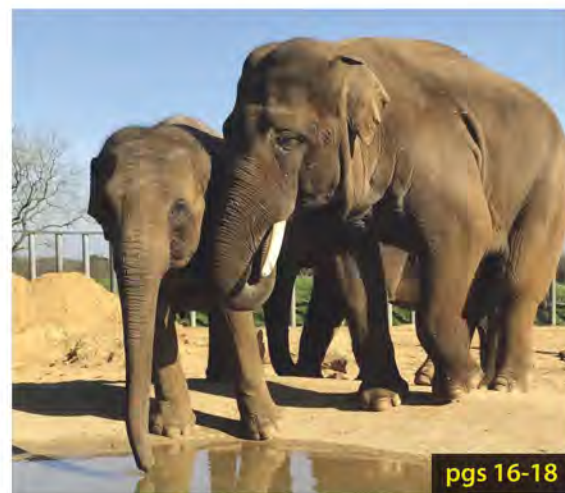
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AIRLINES

CargoLogicAir back in the air

UK-based freighter operator CargoLogicAir (CLA) has restarted flights following the lifting of its Air Operator Certificate suspension.

A CLA spokesperson told *Air Cargo News* that it would initially fly from China to the UK using two of its B747-400Fs to carry supplies of personal protective equipment (PPE) and added it would be able to support customers globally as requested.

The spokesperson said that there were no plans to suspend flights again and that it hoped to continue to grow operations in the future.

"[The] primary factor in the operational relaunch has been the shareholders' and the executive team's effort to continue a company's heritage.

"CLA's leadership has managed not only to reinstate the organisation as the airline and guarantee the employment opportunities in this turbulent time, but also to provide logistics support to the sourcing of the medical supplies to the UK when it is most needed.

"CLA's new strategy encompasses



the existing experience together with the new management and organisational model that should allow CLA to operate as a successful incumbent on the global market."

In a short statement, the UK's Civil Aviation Authority confirmed that the airline would provide flights carrying medical supplies using two Boeing 747 freighters.

At its own request, the airline had its AOC suspended back in late February in response to the weak market outlook.

However, the coronavirus outbreak

has caused a surge in demand for freighter services after passenger airlines axed operations.

The airline has been active for around four years; at one point its fleet consisted of four B747 freighters — three -400s and one -8F — and it employed around 200 people.

However, as the market began to enter a slump towards the end of 2018, CLA's fortunes began to wane.

Towards the end of last year, the cracks began to show and the carrier announced measures to meet the challenging market conditions.

UNITED FIRST:

In May, United Airlines carried out its first cargo-in-the-cabin flight. The Heathrow to Chicago flight took almost two tonnes of mail in the passenger cabin, plus a full payload in the belly.

DOWN AT CATHAY:

Cathay Pacific saw its cargo volumes decline by 48.3% year on year in April to 84,634 tonnes as it cut capacity in response to the coronavirus outbreak. It has since added extra cargo capacity.

DIGITAL PARTNERSHIP:

Online freight booking portal WebCargo and IBS Software are partnering to combine their platforms. The deal means that airlines using IBS Software's iCargo platform will be able to offer their capacity on the WebCargo booking portal.

ASTRAL EXPANDS IN AFRICA:

Astral Aviation has expanded its intra-African network to meet capacity shortages caused by the coronavirus outbreak. From May 25 it added scheduled weekly flights to Lilongwe in Malawi, Lusaka in Zambia and Kismayo and Bosaso in Somalia.

E-COMMERCE MOVE:

Online marketplace JD.com has re-launched its dedicated all-cargo operation from Shenzhen to Wuxi on May 7 through a new partnership with Zhejiang Loong Airlines. The flights are operated with a Boeing B737-300F.

AIRLINES

Demand brings back passenger services

Delta Air Lines said that demand for its cargo services has driven it to bring back passenger services from the US to Germany and the UK.

From May 21, three times per week, Delta has operated flights to Frankfurt and London from Atlanta and Detroit.

The flights are available for

customer travel for the first time since the coronavirus outbreak.

Cargo will be transported on the routes between Los Angeles and Frankfurt, via Atlanta; and between Chicago and London via Detroit.

The airline said an Airbus A330-300 aircraft with 31 tonnes of cargo

capacity will fly to Frankfurt, while a 26-tonne capacity Boeing 767-300 will fly to London.

Shawn Cole, vice president of Delta Cargo, said: "By also opening these services to passengers, we can facilitate essential travel between Europe and US."

EDITOR'S COMMENT

Damian Brett



Is this the new normal?

What a year it's been and we are only just half way through. Over the last couple of months air cargo seems to have been dealing with the day to day; catering for urgent incoming customer demand, finding ways to work around capacity shortages and logjams at airports, ensuring people can work from home, or, if not, making sure they have a safe environment to carry out their duties.

However, over the last week or so, things do seem to be

settling down — there is still not enough capacity to meet demand and airport congestion continues, but most have adjusted to that new reality — and people are perhaps starting to look forward.

Looking ahead, the general consensus from the people we have spoken to is that the demand situation is not looking good; in the short term, lockdowns are still in place and in the longer term there is expected to

be widespread recession.

How the year pans out could therefore come down to two things. Firstly, how urgent shipments are and secondly how much capacity there is.

On the capacity front, most are expecting shortages to remain in place as it is unlikely that passenger networks will get anywhere near their former levels this year.

The capacity gap on last year is expected to narrow from the current 25-30%, but not to the extent that there is plenty of spare space to go around. And

while operators might be able to plug the gap in some trades, shortages on others will emerge.

Also, at some stage freighters will need to go in for checks and it's not certain how sustainable cargo-only passenger operations are.

The urgency of shipments is likely to wane once governments have managed to stockpile enough medical supplies to be ready for any virus second waves, but markets re-opening and a return of some form of consumer demand could boost requirements.

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"This is the beginning of an exciting partnership, and we are proud to be standing alongside TOWER. This capital injection by Investec's Private Capital team is not just a one-off transaction, but a first step in bringing Investec's full toolkit to support TOWER on its growth journey"

Jonathan Wynn, Investec

Ahead of its Time.

For over 20 years TOWER Cold Chain Solutions has led the way with its innovative solutions for the reusable controlled-temperature market. From being one of the first re-usable solutions to introducing the world's first built-in logger to cover the audit trail of their containers in transit, TOWER has led the way.

From being seen as go-to packaging for small difficult shipments TOWER responded to encouragement from the market to build the KTM range, offering a variety of sizes for palletised loads, with simplicity and agility in mind. These containers are modular and can be built into 6 different versions from the same basic components, able to fit across a variety of transports, including aircraft and lorry holds. The multi-use nature of the product makes it an appealing prospect as a true end-to-end solution, reducing multiple operational risk factors. The result is a highly cost-effective and supremely powerful product that brings with it flexibility and market-leading life-expectancy

One of the biggest Smallest players in the market

Over the last 10 years TOWER has built a name for itself with cash being the sole

constraint, as market demand for more containers grew. The desire from the market has always been there. Niall Balfour, CEO of TOWER, commented, "We know that we are offering a uniquely-effective product in this highly-competitive and fast-moving marketplace, our only problem has been how to make enough containers to satisfy demand. Now we can turn to our customer base, which already includes many of the world's leading pharmaceutical manufacturers, with real confidence and present ourselves as serious strategic partners.

The Facts

Currently TOWER services and supplies 16 of the world's top 20 Pharma companies and 14 global pharma 3PL companies: these players trust TOWER containers and the simplicity and reliability they bring. Not bad for a small business without enough backing. Over the last 10,000 shipments (ignoring manual error) TOWER has recorded fewer than 0.1% temperature excursions. This is perhaps why clients choose TOWER, valuing reliable performance over cosmetic appearance. With all temperature ranges, from -80°C all the way through to $+25^{\circ}\text{C}$, covered TOWER's containers offer a consistent and cost-effective solution, time and time again. Simplicity the mantra, reliability the outcome.

3rd party partnership made easy

Over the last four years TOWER's 3PL partners have made over 4,000 self-managed shipments with zero temperature excursions. With zero-temperature-excursion phase-change technology TOWER containers are simple to store, load, ship, unpack and store. Combine that with their on-site training, ease of rent and TOWER's global network and it's easy to see why the KTM is rapidly becoming a first choice across the 3PL market.

A New Dawn

With Investec's Private Capital team working directly alongside the TOWER board as equity partners to inject new capital and fund a 400% expansion of TOWER's stock of containers, TOWER can look to the future with promise, not just in the domestic market, but globally as well. "Trend-wise, product-wise, culture-wise, sustainability-wise, lots of things are pointing in the right direction" says Niall Balfour.

The alignment between TOWER and Investec's approach to entrepreneurialism has created a harmony to build towards success, the shared values and culture running throughout both parties. "The new growth capital from Investec's backing is going to make a colossal difference. The build program of new containers, funded from this investment round, is so instrumental because it gets us to that critical mass where major operating efficiencies can be unlocked. The increased size and scale allow us to better service our customers' global needs, by enabling us to follow them into new markets where our solutions are needed most." Niall Balfour, commented.

How to summarise? The community of the new majority shareholders, with Investec and TOWER's vision and approach, has created a potent mixture of ideologies and perspectives with the potential to thrust TOWER into a prosperous future.

"Like the containers themselves, which effectively have an infinite life, TOWER is building a growth story."

PARTNERSHIPS

THG invests in freighters

UK-headquartered online retailer The Hut Group (THG) is the latest e-commerce company to invest in air cargo as it plans to acquire two freighters and will launch a partnership with Singapore Airlines in order to secure scarce air cargo capacity.

THG said that since the start of 2020, it had been running successful trials, using dedicated cargo flights to service its global operations, especially across the Asia region.

By the end of October 2020, THG plans to have purchased two of its own cargo planes, which a spokesperson said are likely to be A330-200s, branded with the THG Air livery, operating out of Manchester Airport, where THG has its headquarters.

Meanwhile, it will also charter more than 100 flights from Singapore Airlines.

A spokesperson for the airline said the charter flights will be operated by Singapore Airlines aircraft and will be mainly B787 and B777-300ER passenger aircraft, exclusively chartered as passenger flights carrying cargo only.

The spokesperson added that the period that the flights will take place is April-June and the main routes will be Singapore-Narita, Singapore-Incheon



THG has partnered with Singapore Airlines for cargo capacity

and Singapore-Taipei.

The beauty and lifestyle retailer explained the partnership with Singapore Airlines will remove its reliance on the bellyhold capacity of scheduled passenger services, swathes of which have been axed in response to the coronavirus outbreak.

"This is in response to both recent unprecedented disruption across the airline industry and THG's strong international sales growth," the company said.

"The success of these trials has provided THG with the confidence to embark on this new partnership with Singapore Airlines and for THG to go a step further and announce the launch of THG Air," the company added.

The partnership with Singapore Airlines comes as THG continues to expand its global distribution centres.

In recent months, THG has opened three new centres in the US, Singapore and India.

A further six overseas distribution centres are planned before the end of the year.

THG now operates 178 localised websites, retailing goods in 169 countries. Its brands include: Lookfantastic, SkinStore, MamaMio, Beauty Expert, ESPA, SkinCareRX, Glossy Box, Recreate Yourself and Grow Gorgeous.

Other e-commerce firms, such as Amazon, Alibaba and JD.com also have access to dedicated air cargo aircraft.

E-COMMERCE

Amazon Air plans new air hub

Amazon Air has announced plans to open a new regional air hub at San Bernardino International Airport (SBD). The 660,000 sq ft facility is being built through a partnership with the airport and developer Hillwood Enterprises.

UPS and FedEx also have facilities at the airport, meaning it will cater for three of the largest cargo carriers in the US. Local press reports suggest that operations could begin in the Autumn, although environmental campaigners are taking the FAA to court over the approval.

Sarah Rhoads, vice president, Amazon Global Air, commented: "Our new Regional Air Hub at SBD International Airport allows us to better deliver on our commitment of fast, free shipping for our customers."

"The Regional Air Hub is being built from the ground up to fit Amazon Air's operational needs, including the use of solar power and electric ground support equipment. We look forward to opening the facility in 2021."

PUTZGER PERSPECTIVE

Ian Putzger



Do not delay action! Or delays will just get worse

A cynic might argue that the massive flight cancellations brought about by the Covid-19 pandemic have one silver lining: fewer flight delays.

In the US delays increased in 2019 for the third year in a row. The top 10 US airlines had a combined average on-time record of 79% last year. Put another way, more than one in five flights was delayed.

The situation in Europe is even more alarming. In 2018 delays there were up by 100% from the year before, and IATA estimates that 2019 was at least as bad.

The repercussions are eye-watering.

One estimate puts the cost of the flight delays in China during 2017 to \$7.4bn.

There is no silver bullet to resolve the problem, as the causes are varied.

A lot of delays are knock-on effects of disruptions caused by a variety of factors.

Depending on the methodology and scope of elements considered, different causes are highlighted as the main culprits. One study points to technical failure and delayed entries as the two most influential factors, another concludes that weather played a role in 69% of delays. Yet another identifies airport congestion as a contributor in 32% of delays.

On top of these you have elements like an air traffic controllers' strike.

And then, there is growth. Without a question, the rise of

flight activity itself has been a huge reason, especially as the tools to manage it are often woefully inadequate.

IATA blames the situation in Europe largely on the continent's air traffic control (ATC), which it has described as complex and highly fragmented.

In the US, much of the flak has been aimed at ATC as well. Pointing out that some of the flight paths date back to the 1930s, one industry analyst has argued that some cars have more modern navigation systems than commercial aircraft.

What is sorely needed is investment in next-generation ATC systems, a better alignment of efforts and the political will

to tackle the issue. This industry has to raise its voice to communicate to the public the likely outcome if no action is taken.

Sooner or later the problem will be worse than it was last year.

'What is sorely needed is investment in next-generation ATC systems, a better alignment of efforts and the political will to tackle the issue'

Ian Putzger

Sadly, chances are that the current slump in traffic will lull many into complacency — similar to the inaction over modern warehouse capacity and access bottlenecks at many airports.



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FREIGHTERS

LATAM Cargo expands from Europe to the US

LATAM Cargo has launched services from Europe to the US for the first time, as capacity on the trade has been reduced due to the coronavirus outbreak.

The airline will offer a twice-weekly service from Frankfurt to Miami. It is expected to carry pharmaceuticals, auto parts and electronic products, among others, from Europe. From Miami, the airline offers links to Lima, Bogota and Buenos Aires.

LATAM Cargo said the new service is part of a series of modifications to its itinerary and operation to increase its transportation capacity and mitigate the decrease in belly supply.

"After this implementation, LATAM Cargo went from seven to nine weekly frequencies offered between Europe and America, almost doubling capacity compared to the itinerary prior to the pandemic," the carrier said.

The other seven frequencies to Europe follow the Quito — Miami — Amsterdam route (this service does not go directly back to the US from Amsterdam).



LATAM Cargo is offering a twice-weekly service from Frankfurt to Miami

"This way, Amsterdam is positioned as the main gateway to the European continent for the exporters of perishable goods in Latin America (Chile, Peru, Ecuador, Guatemala and Brazil).

"The inbound trips for the seven frequencies begin in Frankfurt (Germany) and end in Latin America, positioning this city as the main exit door for medical supplies, electronics, auto parts and general cargo, among other types of goods intended to reach Latin America."

Other measures include increasing its Santiago-Miami service from six to 31 weekly frequencies to cater for

salmon exporters. The company also launched the Santiago — Los Angeles route for onward transportation of salmon to Asia.

Also a Mexico City — Lima — Santiago route was launched to cater for technology products, spare parts and health-oriented items to South America. In addition, connectivity from Miami to South America was increased.

Meanwhile, in late May, the airline filed for US Chapter 11 creditor protection in order to undertake a restructuring process as a result of the coronavirus outbreak. It said cargo operations would be unaffected by the move.

LOGISTICS

CAAC lifts restrictions in Beijing

China's civil aviation regulator will now allow carriers to operate all-cargo flights at Beijing's two airports, lifting restrictions that only allowed them to pick one of the two.

On May 14, the Civil Aviation Administration of China (CAAC) stated that effective immediately, carriers could operate such flights at both Beijing Capital and Beijing Daxing airports.

Previously, only Chinese cargo carrier China Postal Airlines was allowed to operate at both airports, while other airlines could only choose either airport to operate from.

The CAAC adds that it will also be streamlining route approval application processes for both domestic and international cargo flights. Airlines need now to only make a single application to get approval, the authority states.

CAAC statistics show that in April, Chinese and international carriers mounted an average of 1,574 cargo flights a week. This was a 55.2% year-on-year increase, it notes.

SHIPPER SPOTLIGHT

Zoe McLernon



Is time up for 'use it or lose it'?

The Covid-19 outbreak has led to a significant decline in air traffic volume; to help airlines recover and to prevent the need for 'ghost flights', the 'use it or lose it' rule for airport slots has been suspended until October.

In my view, this pause is an opportunity for us to evaluate whether or not longer term flexibility for slots would be beneficial to the industry, and whether or not this is likely to become a permanent legacy of the pandemic.

Under the 'use it or lose it' rule, airlines must use 80% of their allocated slots or they risk losing

them in the following years.

These rules were born out of the creation of a single market for aviation in the 1990s and increased demand for air transport; the European Union (EU) needed to develop a system for airports to review, manage and schedule requests from airlines to use their services and infrastructure for taking off and landing.

And it was hoped that by agreeing common rules for slot allocation, it would provide airlines with fairer access to EU airports.

As these slots were hard to secure, many airlines are desperate not to lose their allocations, so some

may run 'ghost flights' or undertake inefficient scheduling to ensure their slots are used.

And naturally, this system benefits the strongest, most financially stable airlines; it does not take into consideration emerging and smaller airlines that do not have the resources to run 'ghost flights' or alter their flight schedules to play the 'use it or lose it' game.

With such obvious flaws, plenty of alternative solutions have been mooted by industry bodies, government and businesses alike over the years.

One idea with merit is to introduce variable costs for peak slots, however, the FTA believes now is not the right time for such a solution, as it will not support the Covid-19

recovery efforts of aviation over the coming months and years.

With the government due to publish its proposals for the reform of slot allocation processes at UK airports later this year, we hope it reviews the success of European Commission's relaxation of the 'use it or lose it' rule and seeks to foster a more flexible, fairer system.

While we understand slot allocation rules are vital for efficient airport operations, as the business group representing the logistics sector, the FTA and its members want to ensure the best possible system is employed to support aviation in its recovery from Covid-19, and to guarantee its future, long-term success.

Zoe McLernon, multimodal policy manager at the FTA

'Some may run 'ghost flights' or undertake inefficient scheduling to ensure their slots are used'

Zoe McLernon, FTA

FORWARDERS

DHL GF pilots myDHLi platform

DHL Global Forwarding (GF) has launched a pilot of myDHLi, a fully-integrated online platform for its freight forwarding customers, as part of Deutsche Post DHL's Strategy 2025 — Delivering excellence in a digital world.

The forwarder said it believed the coronavirus outbreak would push companies to develop digital solutions.

The new myDHLi platform, which is based on the CargoWise transport management system, enables DHL GF customers to manage shipment transport modes (air and ocean), freight rates, carbon emissions and shipment data, as well as reports.

MyDHLi merges DHL GF's existing online services, such as myDHLi Quote & Book and myDHLi Analytics, with new services and features, and incorporates them into a single platform.

Users can configure the myDHLi platform to only include the specific services that they need.

DHL GF said a key unique selling point of its myDHLi platform is the new social media style 'follow and share' function, which allows users to connect with trading partners, share information with them about shipments in progress, and jointly view shipment statuses.

The new tracking function provides users with end-to-end information and full visibility of shipments sent by air and ocean, in near real-time, as well as automated status updates and push notifications, the company claimed.

Additionally, myDHLi Documents — also a new feature — allows users to access download or store shipment documents such as quotes, commercial invoice, packing list, house bill, invoice and proof of delivery.

MyDHLi Analytics, an older online DHL GF service, enables platform users to view, analyse and export shipment data in Excel-compatible formats.

At the webinar launch of myDHLi, which took place on May 19, DHL GF chief executive Tim Scharwath, explained: "We have created a one-stop customer portal that is tailored to the needs of our customers. By combining services like online quotation and booking with shipment tracking, document accessibility, and data analyses we are creating not only 360-degree visibility, but also have laid the foundation for customers to manage their logistics — anytime and anywhere.

"We strongly believe that digitalisation bears the potential to ease and improve the daily business of shippers and freight forwarders simultaneously.

"This is even truer during unpre-

dictable and challenging times such as those we are facing with Covid-19, and which might now act as an accelerator for digitising the industry."

DHL GF revealed that it began developing the myDHLi platform in-house in March last year.

The pilot phase of myDHLi involves selected DHL GF customers, based in North America, Europe, Asia, Australia and Africa, using the plat-

form and sharing feedback about it.


DHL GF said it is rolling myDHLi for wider use out in waves "to ensure a smooth region-by-region transition".

DHL GF said its older customer portal, DHLi, will be available until the rollout of myDHLi is complete.

In late 2019, Deutsche Post DHL launched its strategic plan running until 2025, with the digitalisation of operations playing a key role in the

future development of the company.

The postal, express and logistics giant said that it would spend €2bn on digitising its business between 2020 and 2025. The company also said that it would modernise its IT systems, integrate new technologies, offer its employees targeted advanced training to enable them to use these technologies and, so, steadily improving its services, processes and standards.



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Schiphol airport poised to take over community platform Cargonaut



Amsterdam Airport Schiphol hopes that by taking over its cargo community's IT platform it can drive further developments, but questions have been raised. **Ian Putzger** reports

The balance of control over the cargo IT infrastructure at one of Europe's main gateways is about to shift, as Amsterdam Airport Schiphol is poised to take over Cargonaut, the community cargo IT provider.

This should pave the way for the community system to evolve into a next-generation data platform.

The airport authority has confirmed that it has offered to take full ownership of Cargonaut — it currently holds 38.8% of the shares in the company.

Cargonaut was set up as an airfreight community organisation owned by different stakeholders, including KLM and Air Cargo Netherlands (ACN), the industry association for the Dutch air cargo sector.

Schiphol's move is the result of a strategic review of the national logistics IT policy made by the Dutch government last year, which concluded that better and faster flow of data is critical for the country to maintain its role as a major European conduit for international cargo traffic.

Data exchange system

The strategy paper calls for closer collaboration between key stakeholders to achieve better integration of IT developments.

The key player in this is the national customs service, which is the largest user of supply chain information flowing through Cargonaut and Portbase, the data exchange system of the port of Rotterdam.

In order to develop the community system into a next-generation data platform, customs has stressed that European Union (EU) regulations require it to have contracts with companies that are not privately owned, says Maaarten van As, director of ACN. Portbase is fully owned by the port of Rotterdam.

Maaike van der Windt, director aviation marketing, cargo and customer experience at Schiphol, says: "In order to further develop data exchange in the air cargo chain, Dutch Customs intends to work with a non-privately owned company such as Schiphol because of its public mainport function.

"A more solid position of Cargonaut within Royal Schiphol Group would

mean a stronger embedding of the integral function of data information exchange within the public airport provisions.

"Pursuing new ventures has not been a reason for the intended takeover. The main reason is the fulfillment of the (semi) public utilities. This takeover underlines the importance of the digital infrastructure as part of Schiphol's public mainport function; without data on air cargo."

Van As sees the need for Cargonaut to move its capabilities to a higher level.

It works well for the transfer of messages between individual parties, which has been a significant advantage for years, but today all information should be in the cloud for stakeholders to access, he reasons.

"Cargonaut should be the owner of the cloud, not of the information," he says.

Furthermore, Cargonaut may benefit from a closer affiliation with Schiphol.

As the airport authority already has a massive IT system, Cargonaut's costs may go down, potentially resulting in lower costs for its clients, van As reflects.

Develop and innovate

On the other hand, there are reservations about turning an organisation set up to serve the air cargo community into a division at the airport. One concern is that Cargonaut might lose some of its power to develop and innovate, van As says.

The biggest concern, though, is about the loss of the ability for the community to have a say in plans and activities of Cargonaut.

"If Cargonaut is part of Schiphol, it's very important that there will be a strategic advisory board," comments van As.

"It's important for the community to keep communicating with Cargonaut, so that the community can have an impact on the strategy."

KLM Cargo has no comment on the issue at this point.

"Schiphol gets a lot of support from the cargo community," remarks van der Windt. "Specifically because of the support of Dutch Customs, the Dutch Ministry of Infrastructure and Water Management, and many parties in the Dutch cargo community, Schiphol has decided to take a role in this process."

ACN is confident that a mutually beneficial solution can be reached.

"I think everybody is in the same line about what should happen; now it's the discussions between Schiphol and the other owners what happens on the financial side," van As remarks.

Schiphol has made an offer for the shares it does not own and it is awaiting the reply of the other shareholders.



FORWARDERS

DSV Panalpina announces more than 3,000 job cuts

DSV Panalpina will cut more than 3,000 jobs as a result of the coronavirus outbreak's impact on the market.

The move comes after the forwarder saw both ocean and airfreight volumes decline in the first quarter of the year.

DSV Panalpina chief executive Jens Bjørn Andersen explained: "We have always done what we could to reduce the cost base, to align it with the activity level.

"If the activity level goes up significantly, we will add cost and staff and when it goes down, unfortunately, it is necessary to also to adjust the cost base.

"This is not something we take very lightly. We have said that in excess of 3,000 good, loyal employees will have to leave the company, and this is something we do with a heavy heart."

It was not just at DSV where job cuts were taking place as a result of the outbreak.

A survey carried out by the US Airforwarders Association showed that 37.5% of respondents were making "selective cutbacks", while 17.5% said they were making "significant but manageable" layoffs. A further 25% had put a recruitment freeze in place.

However, there are past examples showing that laying off staff during a crisis could affect a company's ability to grow once the situation eases and volumes bounce back.

Kuehne+Nagel (K+N) is planning in the short term to use government support packages to avoid layoffs, but this could change in the long term.

Controlling shareholder Klaus-Michael Kuehne said he expected that over the long term as many as 25% of staff could lose their jobs if globalisation goes into reverse.

Chief financial officer Markus Blanka-Graff said: "We keep everybody, whatever everybody means in the context, and they go over short-term labour or anything like that where governments help the situation.

"When you believe that the recovery is going to be within the three to six month timeframe, you would actually be worse off in doing the layoffs and rehiring.

"When you believe that the situation is going to be much longer and extended then, obviously, you're right, but this option is still on the table.

"If the situation improves after three months then through the government support, we have the

same cost effect, which means the cost reductions are there."

K+N chief executive, Detlef Trefzger, added that customer service levels are also a consideration: "We are operational. Many of our peers have struggled and I am saying this

with all respect, but that should help us to win volume."

On the prospect of losing market share due to layoffs, DSV Panalpina's Andersen is not concerned, explaining the move is long term.

He said: "What we are aiming to do

is to achieve a permanent reduction in our cost base, and we will try everything we can for the beginning, at least, of a normalised situation to keep the cost level as it is and only slowly phase in new costs."

He added: "We simply have new ways of working. We will take new technology into operations. And I think that we will be in a very, very strong situation if we manage to keep the cost base at this new low level in the market. And that should actually enable us to go out and actually gain market share once this crisis is over."

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CHARTER

Lockdown continues to challenge cargo brokers

Aviation authorities have been allowing airlines to carry cargo in cabins to meet the urgent demand for medical equipment, but what happens when this changes? Air Charter Service group cargo director **Dan Morgan-Evans** explains how the business is responding

Charter broker Air Charter Service (ACS) is expecting demand for cargo charters to remain strong over the coming months, despite an uncertain demand outlook.

Group cargo director Dan Morgan-Evans explains that although demand is likely to remain, airlines could take their time restarting the passenger operations that make up 45-50% of overall cargo capacity.

"It is clear that we can't travel, countries are locking their borders down and imposing quarantine, and that will be prevalent," Morgan-Evans says.

"There is no way in the world that airlines are going to put their schedules up to anywhere near the degree that they were previously, which means there is going to be a lack of space for cargo.

"Assuming the world keeps on turning and people are going to enjoy a Christmas, then I think we will keep fairly busy for the rest of the year and then next year is anyone's guess."

Cargo capacity is down

Indeed, statistics from Accenture's Seabury Consulting show that cargo capacity is currently around 25% lower than a year ago, although this varies greatly from trade lane to trade lane.

Headhaul transpacific, for example, is actually flat compared with a year ago, while transatlantic capacity is around 50-60% down.

Meanwhile, cargo volumes are down by a lower amount than capacity, pushing up aircraft utilisation and putting pressure on capacity.

Demand is also concentrated on certain intercontinental routes, largely heading out of Asia Pacific, requiring widebody capacity.

Morgan-Evans adds that the transport of urgent goods will also drive the need for air cargo.

"Sometimes cargo will be needed urgently, so it will continue to prop up



'There is no way in the world that airlines are going to put their schedules up to anywhere near the degree that they were previously, which means there is going to be a lack of space for cargo'

Dan Morgan-Evans, Air Charter Service

the market for us and the cargo freighter world.

"It would be a strange situation for [demand] to drop off completely and for there to be enough space around the world to get things to where people need them to go. I just can't see it happening."

Another consideration is the sustainability of the cargo-only passenger flights. At present they are supported by high rates and low fuel prices, but this could change.

Also, aviation authorities have been allowing airlines to carry cargo in cabins to meet the urgent demand for medical equipment, but this could also change.

Morgan-Evans says that demand for the transport of personal protective equipment (PPE) is likely to continue.

"It depends how the releasing of lockdown goes and what the reaction is," Morgan-Evans says.

"If the virus spikes again — and there is no guarantee that it is not going to — I don't think there is going to be one government that will want to be in the situation where they don't have any PPE, so they will be stockpiling. There is also the public and the

need to have face masks when using public transport for instance, so I think there will still be a requirement for PPE."

More enquires than usual

Overall, Morgan-Evans says ACS has been very busy over the first five months of the year, with incoming enquires double their usual level.

He says that enquiry levels remain high, but the number of requests from new customers has stabilised. In total, ACS has flown about 15,000 tonnes, nearly 400 charter flights, just for PPE.

On aircraft availability, Morgan-Evans says that having a commercial charter division has helped.

"There are a couple of pockets of availability, we can always find something," he says. "One of the big advantages we have is that we have private jets, commercial jets and our cargo divisions.

"We have almost 60 commercial jet brokers that work in airliners, so when we need to find an airline that will fly with [cargo in the] belly and no passengers on board, we have got a whole team on hand that deal with these guys on a daily basis. We already had the relationships."

Another challenge faced by the cargo industry over the last few weeks has been congestion at Shanghai Pudong as customs struggle to keep up with demand.

This has led to some aircraft flying out empty as cargo has been held up. At its peak, waiting times were as long as 72 hours, forwarders report.

Having offices in Shanghai, Beijing and Hong Kong has given ACS a local presence to help find workarounds and communicate with stakeholders.

"We just have to manage our clients' expectations," explains Morgan-Evans.

"We need to let them know how much time they need, whether their goods are on a white list if it's for healthcare workers, when they need to get them to the airport, how long it will take to get customs cleared, explain to them that the schedules are tight when it is congested.

"It's getting it there and getting it customs cleared that is causing the bottleneck. We just try to spread them around to other airports and use warehouses that we know are going to be good at stuff. I'm not the expert in that, but our teams in Beijing and Shanghai manage that for the ACS network."



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Calculating the positives

CLIVE's dynamic load factor is registering a lot of interest because it breaks with tradition and changes the way aircraft utilisation is measured based on the realities of today's market.

Roger Hailey finds out more about the new metric

Is a passenger aircraft bellyhold half empty or half full? Does the airfreight industry need another way to measure capacity utilisation, rather than the long-established weight-based load factor?

Niall van de Wouw, managing director of CLIVE Data Services, believes so — and that the global utilisation of air cargo capacity is 35% higher than the traditional industry indicator suggests.

His calculations are based upon a new metric, the dynamic load factor, which will heighten the important — but still hidden role — played by airfreight in airline economics with all stakeholders: airports, slot co-ordinators, legislators and aircraft manufacturers.

So impressed is TIACA by the dynamic load factor that it has signed an intelligence sharing agreement with CLIVE to “deliver the very latest market and route analyses” to its membership.

Steven Polmans, chairman of TIACA, said at the time of the CLIVE announcement: “CLIVE's dynamic load factor is registering a lot of interest because it breaks with tradition and is changing the way air cargo usage is measured based on the realities of today's market. It is also the fastest source of data, which is very appealing for our members.”

How does the dynamic load factor work?

Traditionally, the amount of cargo flown in kgs is divided by the level of cargo capacity in kgs.

But, says van de Wouw, the reality for the vast majority of widebody and freighter flights is that it is the cargo capacity in cubic meters, which is the limiting factor, not the cargo capacity in kgs.

He says: “Consequently, existing load factors, based only on weight,

underestimate how full planes really are and thus give a distorted picture of how the industry really is performing.”

Flights nearly always ‘cube out’ before they ‘weigh out’ and this discrepancy in capacity density and cargo density will further increase.

New planes entering the market can lift more kgs of cargo per cubic

metre, while the surge in e-commerce traffic will further decrease the average density of the cargo flown.

As a practical example, van de Wouw states: “Based on our latest analyses, the global weight load factor during March was 47%, while our dynamic load factor averaged at 68%. The latter is far more reflective of the pressure on air cargo capacity

than the former.”

Van de Wouw entered the world of airfreight as a law student earning extra money driving a forklift and building air cargo pallets at the KLM Cargo warehouse in Amsterdam Schiphol, making sure that air waybills and the pallets matched.

His first memories of aviation are as an eight-year-old standing along-



‘Consequently, existing load factors, based only on weight, underestimate how full planes really are and thus give a distorted picture of how the industry really is performing’

Niall van de Wouw, CLIVE Data Services

'Based on our latest analyses, the global weight load factor during March was 47%, while our dynamic load factor averaged at 68%'

Niall van de Wouw, CLIVE Data Services

side the Schiphol runway with his father — who worked in the automation department (now called IT) at KLM — watching the aircraft take-off and land.

After getting his degree he joined KLM Cargo, where he was given a job within the department to work with the “eager beavers” as they were called, a team of four young guns focusing on sales and marketing.

KLM Cargo was then headed by the legendary Jacques Ancher, respected by many as an original thinker and whose management protégés now hold senior positions throughout the global air cargo industry.

“I was part of the Air Logistics unit that focused on developing ancillary services in cargo, for example setting up a parts distribution centre for Boeing, which was my last job at KLM.”

There then followed four years as a consultant, and then a cargo systems role with Boeing subsidiary Jeppesen, a leading provider of optimisation software for the aviation industry. It was at Jeppesen where van de Wouw met his current business partners at CLIVE.

Moving on

After Jeppesen, he worked at Seabury Consulting advisory services until he received a call from his ex-Jeppesen colleagues, who are based in Australia, that wanted someone to expand their European business.

“I said ‘no thank you’, but I have an idea that you might be interested in, and they said ‘yes.’”

He continues: “The first service delivered by CLIVE was in technology. During my consulting days, I saw that Excel was the primary software in making certain decisions. There is so much money going around in this industry and yet Excel was still the main software support, and [I thought] that cannot be right. Excel is a spreadsheet system that is definitely not built to manage processes. So, eight years, ago we built an app to do that.”

Van de Wouw adds: “Then, and quite often now, technology can still be pretty rough at the edges when it comes to usability — it looks ugly and is not that easy to handle.

“We said we are going to build an application that is built purely for one

specific process and this was for freight allocations on aircraft.

“That was the foundation and that is where CLIVE’s phrase ‘humanised technology’ comes from: technology that has been built with the user at the core to make it simple.”

The idea for the dynamic load factor came from a tweet comparing how the passenger load factor had gone up over a couple of years while the cargo load factor remained flat at less than 50%, and that cargo was missing out.

“If there was one particular spark for our dynamic load factor push, it was that tweet. It was frustrating because it was deceiving how these numbers are calculated and that is not good for the industry.

“The people who know the air cargo industry recognise that those numbers are misleading in the way they are calculated.

“But I was more concerned about the people who did not know the air

'Overall cargo volumes for the month were 39% down on a year ago, but airfreight capacity declined by the larger amount of 45% resulting in the higher dynamic load factor'

Niall van de Wouw, CLIVE Data Services

cargo industry and who take the load factor at face value — and many do, thinking that planes are half empty from a cargo point of view.”

Van de Wouw believes that the weight-based load factor “paints an unnecessarily negative image of the airfreight industry”.

An open letter to the industry on the issue of load factor measurement failed to rally the troops, so CLIVE set up its ‘Project Selfie’ initiative for airlines to provide data, which confirmed that the dynamic load factor demonstrated a more efficient use of aircraft capacity. The impetus was not broadly carried through, but van de Wouw was determined to see

the dynamic load factor accepted by the industry and that is why the agreement with TIACA is an important milestone.

“We know that the dynamic load factor is a better way of representing how full planes are and I believe it should be heard. I would be happier if the air cargo industry would embrace it and change their reporting in the years to come.

“We would then see that the load factor in airfreight is hovering around the 70% mark and not the 50% mark.”

Changing minds

Some airlines may be wedded to the traditional weight-based load factor because it has been the standard reporting metric in financial results for many years.

“For them to tell the stock analysts, ‘hey guys, we are going to introduce a new metric and by the way it is 35% better than previously stated’, then these analysts will ask ‘why did you not report that earlier if there is such a difference?’

“The finance departments of the airlines are likely less interested in whether or not the weight load factor is misleading, as long as it relates to the last quarter or the last year.”

But, says van de Wouw, “things are changing, and I know that some companies are now using this metric internally”.

A higher air cargo load factor also has benefits in the climate change debate, as it makes shippers’ supply

chains more efficient because of the lower carbon footprint.

This element of the dynamic load factor has seen some interest from several shippers.

Alongside the positive economic factor of the dynamic load factor for air cargo, van de Wouw is also interested in how it can make the airfreight industry pull its true weight (or volume) among the wider community.

“By using the dynamic load factor, this industry has the opportunity to make a big leap forward from a PR point of view, at very little cost.

“It will show that it is a lot more efficient than the traditional numbers

FACT FILE

◆ CLIVE was founded in 2011 by Joe Forbes, Ash Nelson and Niall van de Wouw. The company provides software applications to improve commercial decision making for the air cargo industry.

◆ CLIVE is part of the Biarri Group, an Australian owned and operated commercial mathematics company. The core of the Biarri Group is built around a team of mathematicians, business analysts, developers and designers.

◆ In 2019, CLIVE won the Next-GenLeadership challenge by the ECS Group and was a finalist for the 2015 IATA Air Cargo Innovation Awards.

◆ CLIVE’s dynamic load factor showed some signs of improving in April following the Covid-19 outbreak, registering a four percentage point increase to 67%, reflecting pressure on capacity. However, overall cargo volumes for the month were 39% down on a year ago.

◆ In March 2020, CLIVE teamed up with TIACA to deliver air cargo market and route analyse.

currently are suggesting.”

At a time of the coronavirus, when passenger airlines are grounding their fleets or operating a few cargo-only flights, is there a chance that the dynamic load factor could finally find acceptance when the aviation industry, or what is left of it, has to recalibrate its business model?

Van de Wouw is not convinced: “It should have been put in place years ago and to me those are two unrelated elements.

“The weight-based load factor was misleading before coronavirus and will be misleading after coronavirus.”

Half empty or half full, the industry is now taking note. **acn**

Animal magic

The air cargo industry is continuing to develop specialised services for animal transport, writes **Rachelle Harry**

Since the coronavirus outbreak, the airfreight and logistics sectors have been stepping up to ensure that essential cargo — such as food and medical supplies — continues to reach its destinations.

Travel via air has been heavily restricted — for humans, as well as for live animals.

At the time *Air Cargo News (ACN)* went to press, although there was no official international ban, many airlines had stopped flying live animals to and from areas affected by Covid-19. Additionally, the virus-related drop in passenger flights caused a capacity shortage and essential cargo became prioritised, making it more difficult for live animals to be shipped.

Prior to the outbreak, however, animals travelling by air was commonplace, be it domestic pets travelling with owners, horses being flown to a race, or shellfish destined for the dinner table.

International conservation charity ZSL, which runs ZSL London and Whipsnade zoos in the UK, deals with all kinds of animals being imported and exported, and for numerous reasons.

“As part of a collaborative conservation project, we sent thousands of Dutch snails to French Polynesia to re-establish the population on the

island after they were wiped out in the 1970s,” explains Carole Day, animal moves coordinator at Whipsnade ZSL.

On other occasions, companionship is the driving force for the journey. “A few years ago, an older elephant here was no longer accepted by her herd, so she was moved to a zoo in Italy to join another female elephant. When they met, they got on like a house on fire,” says Day.

All aboard

Yet be it for the little, large or everything in between, ZSL puts travelling animals’ wellbeing at the forefront of the travel plan, long before they board the plane.

ZSL uses a Heathrow-based agent to custom-make animals’ shipment crates according to required standards.

Crate training, driven by treats and rewards, is then used to get the animal fully comfortable with entering the container on its own and remaining inside while the door is closed.

“By the time transfer day arrives, the crate will already have the animal’s scent on it,” says Day.

“They’ll have some nice soft bedding in there and then because they’re used to being closed in the crate, the journey is actually not a bad experience.



Companionship: A lonely older elephant moved from Whipsnade ZSL to Italy

“We never tranquilize them to transport them. We do it in the best way, at their own will.”

ZSL, which follows many live animal guidelines, including those from IATA, the UK Animal and Plant Health Agency and the Convention on International Trade in Endangered Species, sends a “friendly face” from the team to help unload and reassure the animal before helping them to settle into their new environment — often a quarantine enclosure, depending on the circumstances.

From the logistics side, agents such as the Heathrow-based one that ZSL uses, partner animal shippers with airlines that have suitable aircraft and facilities.

Animals can often travel in the cabin or bellyhold, although this depends their size, species and requirements.

For very large animals, however, or those travelling with grooms, more specialised freighter aircraft are required.

Luxembourg-based all-cargo airline Cargolux has transported a wealth of animals on its fleet. “We have some of the best aircraft to carry live animals in each one,” says Christian Theis, global product manager of CV Alive at Cargolux. “We only fly Boeing 747s; we have a mixture of -400s and the latest generation -8Fs.”

Last year, thanks to its capable fleet, Cargolux transported two Beluga whales from an aquarium in China to a sanctuary in Iceland.

“It required a lot of preparation,” says Theis. “We had to be careful about the flight level, pressure on the aircraft and temperature, but it was a success.”

A few years ago, Cargolux also transported a few elephants and white rhinos to South Africa to be released

AIRPETS

Pampered pets get their own airport lounge



Animal transportation business Airpets has opened the UK’s first Pet Lounge, designed to alleviate stress for passengers and their pets after they’ve completed a long plane journey.

“We identified that when flights landed at Heathrow, there was no dedicated onward movement for passengers with pets,” explains Jack Snelling, a director of Airpets.

Features of the Pet Lounge include crate cleaning and complimentary pamper products for arriving pets, and for passengers while they wait: hot and cold refreshments, wi-fi, iPad entertainment, comfortable seating for adults and a bean-bag area for kids.

When pets and their families have been reunited, Airpets offers them transport home “because it’s difficult to find taxi companies that will take pets, or that have large enough vehicles for them”, says Snelling.

into the wild.

The airline's most frequent animal flyers, however, are horses and its aircraft can carry up to 90 at once.

Last year, Cargolux flew a total 2,600 horses — accompanied by their grooms — to locations in Europe, the Middle East and the US for prestigious races.

"We provide the containers for horses, but those for other animals have to be provided by the shipper and they have to meet the IATA Live Animals requirements," says Theis.

IATA's Live Animals regulations are the essential guide to transporting animals by air in a safe and humane manner, and cover all aspects of animal transportation, from container size to handling, labelling and documentation.

The globally-recognised requirements were established by experts and IATA members in the 1960s and are updated annually according to industry demand.

In addition, in April 2018, IATA's Center of Excellence for Independent Validators (CEIV) introduced a Live Animals standard.

Organisations that complete the programme and comply with its standards thereafter become certified by IATA and are then listed on its registry.

Unlike the IATA Live Animals regulations, which are mandatory for

anyone involved in transporting animals via air, the CEIV Live Animals certification is an optional programme for IATA members, which both supports the regulations and raises the standard.

"The rationale behind the IATA CEIV Live Animals standard is to ensure professionalism in the industry," explains Andrea Gruber, head of special cargo at IATA. "It was established and implemented as a tool and mechanism to ensure that our Live Animals standards are complied with. Now, more care is being taken across the entire industry to comply with the standard.

"We have seen that the CEIV Live Animals programme has pushed the industry to have better communication, understanding, awareness and scrutiny when transporting animals," Gruber adds.

Certification

Customers of a certified CEIV Live Animals company can be sure of its integrity and high standard of operations, as Cargolux's Theis explains.

"At Cargolux, anyone who is involved with that shipment — with the booking, handling or loading of the animal — needs to undergo in-house training based on the IATA CEIV Live Animals certification.

"This is not only the case for

'It's a certification that is valid for three years, IATA reserves its right to carry out spot checks within that period'

Andrea Gruber, IATA

Luxembourg; our animal handling staff are trained at every origin or destination that we transport animals to or from."

However, the process to become certified is lengthy: "An average of two to six months," says Gruber.

At the time ACN went to press, there were 12 CEIV Live Animals certified businesses and 11 that had started but not yet completed the "multifold" stages of the programme.

"First, IATA takes steps to better understand the scope of the company," says Gruber.

Next, the company undergoes a three-day training course provided by IATA — either generic animal training at IATA's scheduled classes, or more tailored in-house training when requested.

Then IATA carries out a pre-audit assessment of the company's current practices and operations, and a review of its documentations and requirements against the CEIV Live

Animals checklist.

"The result of that assessment is a list of non-conformities of the absent findings that have been identified," Gruber says.

The company then improves on or implements the missing points before the next stage: a full audit for validation purposes.

Gruber adds: "As it's a certification that is valid for three years, IATA reserves its right to carry out spot checks within that period.

"If we're made aware of any irregularities, we do a spot check audit to see if the company is still carrying out CEIV principles. If it's not, we suspend the certification — and this is something that has already happened."

This is certainly not the case for Hong Kong Air Cargo Terminals Limited (Hactl), which is leading by example among its airfreight peers. The handler completed a "CEIV hat-trick" after obtaining Pharma,



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iata.org/ceiv-animals
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→ Fresh and most recently in March the Live Animals certifications.

Hactl's Super Terminal 1 facility incorporates dedicated animal handling facilities, collectively known as 'Paws Track', explains Paul Cheng, general manager of service delivery at Hactl.

The Live Animals Inspection Area is where animals are checked before being documented and accepted into Hong Kong, or checked before being exported.

Most animals are handled in the North and South Live Animal Handling Centres — temperature-controlled holding areas with ranges from 17 to 21 degrees Celsius, which

can be adjusted to the animals' needs.

"The welfare of all animals and the provision of safe, secure and suitable conditions are always Hactl's highest priorities," says Cheng.

Animals are segregated in the Live Animals Handling Centres to minimise stress, and ensure that their individual needs can be met. For example, when Hactl handled arctic foxes, noise levels in the Live Animal Handling Centre were minimised due to the creatures' nervous nature.

Meanwhile, when processing crocodiles, Hactl had to protect the pallet with waterproof materials and securely strap the container to the pallet.

For equines, Hactl's Horse Handling Centres are operated inline with the Hong Kong Jockey Club's recommendations, including the use of "scrupulously-maintained dollies" to ensure jolt-free transport and ensuring any changes to the load plan take into account the personality and gender of the horses.

Handling horses

Horse Handling Centre 1, a dedicated facility for inbound and outbound horses, has direct airside access and Horse Handling Centre 2 is an indoor facility used to hold loaded horse stalls for transit periods of more than three hours.

Hactl also handles other animals such as amphibians, birds, crustaceans, fish, invertebrates, mammals and reptiles.

For these, Cheng explains: "There are general measures that relate to all live animals such as segregation in the storage area, positioning containers in the correct direction to prevent eye contact between natural enemies, minimising handover times and conducting handovers underneath the terminal canopies to protect animals from rain or too much heat."

Ultimately, to maximise animals' welfare, Cheng says: "We minimise potential delays by communicating with all stakeholders in advance: shippers are consulted about how Hactl needs to cater for the animals' specific needs; airlines are consulted about equipment availability and flight schedules; and agents are asked for air waybills and licence details."

Hactl also relies on its on-site vets and customs staff to enhance its animal handling capabilities.

Now that such a high level of live animal handling facilities and operations is being achieved in companies around the world, let's hope they will — one day soon, when the coronavirus pandemic subsides — be put to good use once again.



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BIN YOUSEF CARGO

One-stop horse shop

Qatar-based Bin Yousef Cargo has facilities including in-house customs, vets and quarantine areas, which make it suitable for handling a range of farm animal species. However, its main focus is on horses.

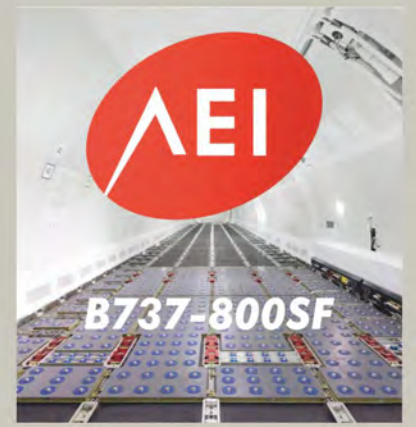
Adil Abdelgadir, manager of the equine Department at Bin Yousef Cargo, explains: "As we are a member of IATA, we provide a very high level of professional support for equine transportation, from the stables of departure to their final destination.

"Value-added services we offer include carrying out horse vaccination, registrations and the transfer of ownership. In addition, our documentation team has vast experience in managing health certificates, lab tests, customs clearance procedures, quarantine requirements and liaising with local authorities to ensure the safe import and export of our clients' horses."

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ALL GO AT GAMECO

Chinese maintenance, repair and operations provider GAMECO has begun work on Boeing 737 passenger-to-freighter conversions, and is mulling plans to open a second production line. The Guangzhou-based company inducted the first aircraft — a 737-800 registered as N520AM and painted in AeroMexico's colours — on May 18.

THREE BY AEI

Aeronautical Engineers, Inc. has announced that it will convert up to three Boeing 737-800SF freighters for Aviation Holdings. The first aircraft conversion will begin in June and will be carried out by China-based STAECO, an authorised AEI Conversion Center.

A JAZZY DEAL

De Havilland Aircraft of Canada and Jazz Aviation have announced that Jazz is to be the first operator of the recently-approved Dash 8-400 Simplified Package Freighter. Under the agreement, Jazz has ordered the service bulletin and conversion kits for up to 13 Dash 8-400 aircraft.

MASKARGO'S SCHIPHOL RETURN REVEALED

Malaysia Airlines has returned to Schiphol for the first time since 2016, with its cargo arm announcing weekly freighter calls in May. The first call of the new services took place on May 5 when an A330F freighter landed at the Dutch Airport carrying more than 50 tonnes of general cargo and medical equipment.



A380 finally set for freighter debut

German maintenance specialist Lufthansa Technik is working on a conversion for an Airbus A380 as part of its effort to offer temporary passenger-to-cargo modification services.

Lufthansa Technik has not identified the customer but states that it has been awarded the technical and engineering task to support the “operational change” for the double-deck type.

While the modification is intended to comply with temporary passenger-to-freighter regulatory exemptions drawn up to facilitate demand during the coronavirus crisis, the company indicates that it will offer the conversion as a permanent solution.

“The current exemption and our solution for it can be transferred to our supplemental type certificate at a later point in time without major adjustments,” says aircraft modification base maintenance senior director Henning Jochmann.

Lufthansa Technik is working on similar certifications for a number of common aircraft types to enable modification into auxiliary freighters.

Jochmann says the change involves “much more than just taking out seats”, because of the different load and safety considerations involved in placing freight in the passenger cabin.

Airbus has been offering a service to support airlines seeking to undertake such conversions on aircraft including the A350 and A330, and has been prepared to consider requests for A380 reconfiguration.

The airframer's conversion involves removal of passenger seats and the fitting of freight pallets on seat tracks.

Lufthansa Technik's work marks the emergence of A380s for freighter work some 13 years after a dedicated A380 freighter programme was effectively halted by a withdrawal of customer interest.

Airbus had offered the A380F alongside the passenger variant, and initially attracted orders from FedEx, UPS, Emirates and lessor ILFC.

The airframer had started cutting metal for wings and producing components for the A380F in 2005.

But interest in the aircraft, which had taken 27 orders across the four customers, began to decline sharply the following year.

Emirates cancelled its order for freighters, then ILFC and FedEx, which defected to the Boeing 777F.

UPS subsequently dropped out in 2007, putting the A380F development programme on hold, eventually opting for the B747-8F.

Atlas Air and KLM redeploy cargo aircraft

Atlas Air and KLM are two airlines that have revived cargo-carrying aircraft in response to the coronavirus outbreak.

Announcing its first-quarter results, Atlas Air said that in response to increased airfreight demand over the last few months — a knock-on effect of the coronavirus pandemic — it would bring three parked Boeing 747-400 converted freighters back into service.

The lessor is also operating one of its Boeing 777 freighters that was previously in its dry-leasing business.

The company put the B747s into storage at the start of the year in response to cargo demand being dragged down by ongoing trade wars.

It reasoned the converted freighters were less efficient than its production models and also did not offer the nose loading capability.

Meanwhile, KLM has decided to redeploy two Boeing 747 combi aircraft in order to meet coronavirus-related demand.

The airline said that it had partnered with health-tech firm Royal Philips and the Dutch government to create a special cargo air bridge between the Netherlands and China.

KLM pointed out that around 90% of flights between Europe and Asia had been axed, resulting in a “major shortage of cargo capacity”.

As part of this project, KLM redeployed the two B747 Combi on two weekly flights to Beijing and three weekly flights to Shanghai, bringing in around 250 tonnes of extra cargo capacity each way per week.



The world's largest aircraft — the An-225 (Mriya) — has carried out a flight for Germany's armed forces carrying more than 10m face masks as part of the country's coronavirus relief efforts. The six engine aircraft landed at Leipzig/Halle Airport in May, from China, as part of an overall project to transport 25m masks. An Antonov An-124 had already landed at Leipzig/Halle Airport on the previous day. It arrived from Shanghai, having landed in Almaty en route, carrying 8.3m masks. Both aircraft belong to the Ukrainian airline, Antonov Airlines. The flights are co-ordinated by Antonov Salis, which is based at Leipzig/Halle Airport, and cargo was handled by PortGround.

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BRING IN THE HEAVY WEIGHTS

With capacity in short supply due to the Covid-19 crisis, Yvonne Mulder reports the perspective of outsize operators

Outsize cargo had actually been performing very well before the impact of the coronavirus struck the industry, says Pierre Vanders, group cargo director, Chapman Freeborn.

“In 2019 and early 2020, it was quite significant and consistent for us. In February and early March we had 15 outsize shipments using Antonov 124s.”

The growth in cargo carried was mainly for construction and engineering projects, with oil and gas “remaining steady”.

Routes tended to be from Europe to Africa or the US, and from the US to South America, including recent shipments of machinery and equipment for a new steel laminating factory in South America.

Vanders says: “We are still quoting on similar projects though this has slowed down a little bit. Oil and gas enquiries are also coming in — mainly for resupply to existing projects.”

Cargolux Airlines had also experienced good growth: “Over the past year, we have seen a general increase in the transportation of outsized cargo with double-digit growth in requests from all geographical areas,” says a spokesperson. “Yield-wise our [specialised heavylift] CV jumbo product has been following the market trend.”

Last year the airline carried a 10 m long, 43-tonne shaft from Luxembourg to Zhengzhou, the heaviest single piece of freight that it has ever delivered to mainland China.

Cargolux says that delivering very heavy cargo to China has always been quite a challenging undertaking as “adapted infrastructures for off-loading are quite sparse upon arrival. Over the past year, however, there has been a solid growth in demand for this kind of transport”.

Ekaterina Andreeva, commercial director, charter cargo operations, Volga-Dnepr UK, agrees that heavylift business was good over the past year: “As a group we have four clear verticals we focus on for the outsize sector — aerospace, energy/heavy machinery, oil & gas and humanitarian cargo.”

She says that last year “our main sector was aerospace and we have seen a steady growth of aircraft-on-the-ground traffic, however we do expect it to change due to the struggles of the aviation sector”.

Pavel Kuznetsov, head of air chartering, deugro Airfreight, says that early 2020 saw positive forecasts for the global project market, as it steadily improved due to increasing demand for energy.

And, with a focus on renewable energy, “we see increasing activities in the Far East and Americas, especially in the offshore industry sector”.

“The power industry today is a very mature market for freight forwarders to operate in, however there are still areas where added value can be provided,” he adds.

Of course, the arrival of the Covid-19 pandemic has changed everything, including the demand for energy.

Kuznetsov says: “It is too early to accurately predict how this will impact our industry throughout the value chain.”

“But we believe there will be a significant effect in capital investment decisions, with new projects across multiple industries being delayed or cancelled.”

“Going forward, the project landscape will be very different, as investors and operators take a much more cautious approach in their commercial spending and risk taking.”

Like everyone else in the logistics business, deugro is adapting to meet the new reality.

“Every mode of transportation can be affected and experience disruptions and volatility,” Kuznetsov says. “These include longer transit times, higher rates, some routes being completely unavailable due to ports and borders closures, and regional imbalance of equipment.”

“We see an increasing trend to shift critical project equipment from ocean to air transportation where possible. Despite the very challenging situation, the airfreight market remains critically important to support the urgent movement of cargo while many regular supply chains are disrupted.”

“Our highly experienced airfreight team are in constant contact with airline partners, to provide access to the required capacity for our clients.”

Andreeva says Volga-Dnepr has seen a huge growth in the humanitarian sector, but it is not all related to masks and gloves.

“Whilst the demand for medical supplies has seen oversized/heavylift aircraft now utilised for general cargo, we are also seeing demands for medical equipment such as delivery of street sanitising trucks, mobile hospitals and ambulances.”

“The necessity for immediate receipt of this kind of cargo means that we are transporting to key economic and urban hubs, rather than to remote destinations which are unfortunately more exposed to environmental and epidemiologic events.”



Cargolux experienced strong growth in 2019 with its specialised heavylift services

“As a group, our commercial cargo aircraft operated by AirBridgeCargo and Atran has seen a similar surge of requirements for medical equipment, with the market demanding priority over products we would normally focus on such as in the automotive, fashion and e-commerce industries — which still need our support to ensure that their global supply chains are moving too.”

Vanders says that the coronavirus outbreak has been a real opportunity for charter brokers like Chapman Freeborn to prove their worth.

“We have the operational experience, which is crucial. We can do ad hoc flights to all sorts of destinations, sometimes to places where larger freighters have never flown before, and organise all the relevant permissions.”

He says he expects the time to come where the current situation will affect the availability of aircraft for heavy cargo, though he had not seen it at the time of the interview (early April).

“The Antonov 124s are heavily involved in transporting goods from China all around the world, which is affecting capacity, and outside cargo is likely to go to the back of the queue.”

PRICE INCREASE

This increase in demand is also leading to a rapid increase in the price for any type of charter aircraft.

“When President Trump announced the travel ban from Europe to the US and all passenger flights were stopped, we literally saw the price double within 48 hours, as the freighter fleet became in short supply to transport vital personal protection equipment (PPE) from China to Europe, the US, Africa and South America,” says Vanders.

“Brokers are quoting the best we can, round the clock, trying to find price competitive solutions and matching the right capacity.”

He has mixed feelings about the higher prices. He says: “I am not sure it is ethical to charge so much, especially as the oil prices are low, but I do see that airlines need to sustain themselves while the passenger business has disappeared so that they can survive.”

Of course, passenger aircraft are now being used to transport freight — both in the cabins and bellyhold.

“As freighter capacity is in short supply, passenger carriers are releasing passenger aircraft to be used as freighters, obtaining rather quick approvals from the aircraft manufacturers and their respective civil aviation authorities, which alleviates the shortage in capacity.

“On that side, it’s admirable to see the industry adapting to the crisis by both providing vital supplies more quickly and also protecting airline jobs. And the rates are equivalent to freighters.”

Since last October, Chapman Freeborn has been part of the Avia Solution Group, which includes several carriers.

“We’ve been working flat out with our sister company Avion Express, which has a large fleet of passenger aircraft, and we have three A321s and two A320s operating as freighters between China and Europe. They are proving popular to northern European destinations and the Baltics. The A321 will take 120 cu m and 24 tonnes belly and passenger deck. It is quite remarkable.”

The cargo, such as face masks and other PPE, is more volume than weight, and packed in small

boxes so they can be stored in overhead lockers, under seats and on seats, with straps or cargo nets over them. And all flights are operated with several crews to minimise crew rest in China, which has been another hurdle.”

The crisis has brought lots of new customers to Chapman Freeborn: “Most of our business still comes through the larger freight forwarders but we have been getting calls from smaller forwarders and others — including pharmaceutical companies sourcing new supplies.

“It has been really busy. We are literally working round the clock. Technology helps us of course — tracking cargo, cutting down the times in arranging flights and sending shipments — but in times of rush, the good old-fashioned way of speaking to your client becomes ever more important.”

He laments the decline in the number of specialist airlines.

“In the last 20 years we have seen a decline in specialist charter and project airlines. They are very different to the scheduled airlines, which offer some capacity for charters.

“The shortage of charter and project-minded carriers makes chartering more difficult — but this situation does reinforce the need for brokers with specialist experience, able to operate to awkward destinations.”

Kuznetsov says that moving project cargo is proving more complicated than ever.

“We are all facing an unprecedented challenge at this time and the impact of Covid-19 and the global economic fallout is being felt throughout the global project logistics industry.

“Deugro is focused on the safety of our employees, clients and partners as our number one priority at this time. We are also focused on ensuring that we can meet the operational challenges faced and ensure business continuity.

“We are focusing our expertise on safety, security, vendor management, schedule and commercials to provide end to end delivery for our clients.

“By working together with all partners in the supply chain, we are able to take the correct, decisive actions to help mitigate as much of the impact of the current situation as we can.”

Andreeva says the biggest challenge for Volga-Dnepr is to protect its people.

“To ensure the safety of our crew and the global community, we have medical and security protocols in place which have been developed over our thirty years of experience in responding to unstable epidemiologic situations.

“As per our flights to support the efforts against outbreaks of Ebola and Zika, our medical teams have ensured that we have the steps in place to protect all, in co-ordination with the World Health Organization.

“These preventative steps include regular medical checks, PPE for all air crew, and analysis/avoidance of crew rests in areas that have a high risk of infection. This must all be mitigated with the daily changes implemented by national authorities to protect their citizens.

“In the dynamic world of air cargo and air charters of course this is nothing new, and with the wide resources of the Volga-Dnepr Group we are able to take on and meet the challenge head-on accordingly.”



Volga-Dnepr is protecting its staff while transporting vital supplies

So what does the future hold?

Kuznetsov says: “As we experienced following the 2014/15 oil crisis, there were opportunities for smaller and lower risk projects with independent developers to secure positive investment decisions.

“It was when these projects moved forward that it provided the project cargo industry opportunities, whilst also assisting to raise confidence in the market at the same time.

“While the oil and gas industries will be heavily impacted, industries such as power, renewables and mining will look to continue to grow in the post-Covid world.”

He adds that the use of new technologies, such as the deugro visiotrack, a web-based supply chain and logistics management tool, will help give clients the data visibility, predictability and accuracy in order to best manage risk and security on future projects.

NEW NORMAL

“For the moment we are all awaiting what the new norm is going to be and how heavy industries will pick up in the post Covid-19 environment,” says the Cargolux spokesperson.

“What is certain, however, is that as other air cargo capacity is returning to the market, we will continue offering tailored solutions through our CV jumbo product.”

Andreeva says: “The biggest issue facing the outsize/heavy-lift logistics market now is project planning, and having contingencies in place to ensure that capacity is available for when they need it.

“We are seeing traditional project cargo customers now reviewing their schedules to secure capacity well ahead of their required dates to ensure that they are able to keep their supply chains continually moving.”

She says that Volga-Dnepr expects to see earliest growth in the countries that recover first from Covid-19.

“We started seeing growth of projects in Africa and Latin America in pre-Covid times, but it is hard to predict what the future brings now.”

Vanders gives a good description of the current situation: “If you look at any flight tracker app on any night, you can see that every single freighter is flying — and we’ve never seen that before, which pretty much sums up the capacity that is available today.” ♦

BUYERS MARKET DUE TO CORONAVIRUS

Industry expects a mini boom in passenger to freighter conversions, writes **Roger Hailey**

Thousands of passenger aircraft are now parked due to the impact of the coronavirus and some of the older units are likely to retire early.

This could mean that there is plentiful feedstock for freighter conversions at attractive prices for potential buyers.

Independent aviation consultancy IBA believes that older designs that were scheduled for retirement from passenger service, “and are now being accelerated”, include Boeing 747s, B757s, B767s, MD80s, remaining [B737] Classics, older A330s, A340s, and many A380s, but even older members of the B737NG and A320neo families too.

Said IBA in a briefing: “While some may return as the market shows positive improvement, and others may find a new life as freighters, many will be scrapped.”

Robert Convey, senior vice president — sales and marketing at conversion house Aeronautical Engineers, Inc. (AEI) agrees and believes that a “mini boom” in passenger to freighter (P2F) conversions will occur and that prices for some B737-800s and Airbus A321 passenger planes will come down rapidly.

“I give it six to nine months while asset owners hold onto the price, but then let it go because they’re going to have to move the planes out of their fleet.

“So, you’re likely to see a rapid reduction in the price of aeroplanes and that is going to drive what will be a mini boom in conversions of all

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types, including the B767s and B777s.

"I think the demand is there from the airlines because, around the globe, we have done more and more online shopping during the pandemic when stuck at home.

"That has introduced e-commerce to many people who never used it before. They were doing that out of necessity, but a certain percentage of those online shoppers are going to stick and become converts. All that is going to do is help drive the overnight shipping craze which is delivered a lot by airfreight."

Adds Convey: "So, by August or September, you will see orders coming in and a growth in the number of aircraft being converted to freighters."

THE WORKHORSE

The B777 has proved a versatile workhorse, both as a production line freighter and as a passenger jet with bellyhold cargo plus packages on passenger seats.

The aircraft has proved to be so versatile, that Air Canada commissioned Avianor, an aircraft maintenance and cabin integration specialist, to reconfigure the cabins of three B777-300ER passenger aircraft, removing 422 passenger seats and designating cargo loading zones for lightweight boxes.

It is not just the B777 that has been utilised as a temporary freighter. German carrier Lufthansa Cargo took the cabin seats out of four of its Airbus A330 passenger planes, for use as cargo-

carrying aircraft during the emergency.

Lufthansa Technik achieved Engineering Order Specific Tailsign approvals from the German Federal Aviation Authority for the Lufthansa Airbus aircraft and is pursuing supplemental type certificates "for all common aircraft types so global airlines can quickly convert their passenger aircraft into auxiliary freighters".

Air Canada Cargo proved its 'outside of the box' thinking for a second time when, working with Jazz Aviation, it operated the recently approved Dash 8-400 Simplified Package Freighter to short- and medium-haul markets.

These reconfigured aircraft, developed by De Havilland Canada, will carry 8.1 tonnes of freight in the passenger cabin and belly.

The converted cabin can accommodate a cargo volume of 1,150 cu ft and is suited to transporting loose load cargo like medical supplies.

Now, while a noble effort at a time of dire emergency during a pandemic, the timeline for using passenger aircraft with or without reconfigured passenger cabins is likely to be limited, as the flight cost economics require very high freight rates even at a time when the oil price is low but aviation fuel hedging has stymied the benefit.

And assuming that the supply — primarily in China — of medical equipment and protective equipment can be ramped up quickly and the demand then eases as inventories build up, then it seems unlikely freighters will be able to maintain the necessary logistics alone, supplemented

By August or September, you will see orders coming in and a growth in the number of aircraft being converted to freighters

Robert Convey, Aeronautical Engineers, Inc.

by ocean freight.

One question though is whether or not the 24/7 operation of pure-freighters has seen a deferral of mandatory maintenance checks, which could produce a capacity pinch point later in the summer as aircraft come out of service.

ADAPTABLE INDUSTRY

What is clear is that national governments and airlines have seen how air cargo can rise to the occasion and provide the rapid deployment of capacity at a time of global emergency.

It is probable that long-haul international passenger flights, and so the bellyhold capacity below, will be much reduced for a prolonged period, seeing a capacity squeeze.

Some pundits put a partial recovery — albeit with a smaller aviation industry — more than two years away.

That will surely promote demand for that grounded and plentiful passenger aircraft feedstock to be converted into freighters. ♦



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RISE OF THE PREIGHTNERS

Cargo-only passenger aircraft are meeting the urgent demand for airfreight. Roger Hailey reports

To tackle a pandemic like Covid-19 you need fast and flexible global logistics, and that means airfreight — be it full freighters or the bellyhold in widebody passenger aircraft, plus lightweight packages on cabin seats.

Freighters World spoke to a range of air cargo specialists about the industry's rapid ramp up of freighter and 'preighter' [cargo-only passenger aircraft] operations to supply medical-grade personal protective equipment (PPE) and ventilators around the globe, usually from manufacturers in China.

Guillaume Col, chief operating officer at CEVA Logistics, says that his company's initial wave of freighter charters comprised 86 flights and this had grown to more than 130 towards the end of April.

"CEVA recognised the threats to the logistics industry early on in the pandemic and was able to take effective internal measures to minimise the impact of this unprecedented scenario on our own business as well as on that of our customers and our service partners," Col says.

One of the early challenges was procuring multiple charters, he says, adding: "There were two very important factors when considering why we were able to do this: one, we booked them as early as possible.

"The market was becoming constrained and prices started to rise throughout the course of March, but we had booked many of those charters ahead of the demand.

"And two, CEVA's longstanding relationship with the relevant operators, who we have worked with for years and have a track record of reliability and consistency."

Timo Stroh, head of global airfreight at forwarder Dachser, says that by the latter part of April the company had operated more than 25 Dachser Air intercontinental charters, of which 70% were full freighter flights and 30% converted passenger aircraft.

Says Stroh: "The main challenges experienced are in aircraft availability, crew swap, customs requirements and volatility in the pricing market of charter flights."

Asked whether there is enough maindeck capacity for the crisis, Flexport's global head of airfreight Neel Jones Shah has a stark answer: "Simply put: there are not enough freighters to meet demand, especially with the crush we're seeing for PPE.

"Almost 45% of global airfreight capacity travels via passenger plane bellies. As flights to and from the US, Europe and Asia have been grounded or dramatically reduced, so has available capacity.

"Total year-on-year airfreight capacity out of China has decreased by 4,900 tonnes, which equates to roughly 50 B747 freighters' worth of capacity lost per day.

"Overall capacity on the Far East westbound has fallen by 30% year on year. On the transatlantic, westbound overall capacity has declined by 50% year on year, while passenger airline

capacity on the transatlantic westbound has declined from 65% to 23% year on year."

Shah continues: "Even if freighters could fill the void, they don't provide the same frequency or consistency in flight schedules that passenger airlines do.

"Passenger flights between two hubs, let's say London Heathrow to Chicago O'Hare, operate multiple times a day and provide a consistent, frequent flying schedule.

"The consistent flight schedule, in addition to benefits like temperature control, is what makes procuring airfreight in passenger planes so attractive to sectors like pharmaceuticals and perishables."

Says Col of CEVA: "Freighter capacity is presently tight but manageable. I am not aware of any older freighters being re-commissioned, primarily due to the costs that would be incurred, but I would not rule that out should the crisis continue longer than anticipated."

Lufthansa Cargo chief executive Peter Gerber says the airline has been flying its 17 freighters, 11 B777Fs and six MD-11Fs, "practically around the clock" alongside passenger Airbus A330s out of Frankfurt and Austrian Airlines B777s out of Vienna, plus some passenger A350s out of Munich.

INEFFICIENT PRACTICE

In terms of flight cost economics, Gerber says that using passenger aircraft "cannot be sustainable because it is inefficient".

He continues: "If you carry some 30 tonnes and you fly a widebody [freighter] which carries some 90 tonnes for the same trip cost, you see that it is not very efficient.

"So, it is something you can do only in those times when you have urgent need and no capacity, and so it is by no means sustainable."

Freighter operators had to contend with sudden closures of airspace, and in flights to China there was double-crewing to stop pilots being placed in quarantine for two weeks if they left the aircraft.

Some industry observers speculate that freighter operators straining to meet opera-



The main challenges experienced are in aircraft availability, crew swap, customs requirements and volatility in the pricing market of charter flights

Timo Stroh, Dachser



Lufthansa Cargo has been flying its 17 freighters “practically around the clock”

tional demands may be deferring mandatory aircraft checks until later in the summer, which could see a reduction in maindeck capacity later in the year.

In the initial phase of the crisis, ocean freight’s long journey time meant that acute stock replenishment saw some unusual commodities — such as baby wipes — make a modal shift to air.

Says Shah of Flexport: “In general, PPE was never shipped via airfreight before the Covid-19 crisis. It’s much better suited for ocean freight and, pre-crisis, the available inventory levels were adequate enough to meet demand.

“As the pandemic spread, it became clear we were about to experience something the world had never seen in our lifetime. There was no other option but to ship all PPE via airfreight because the shortages were so acute.

“Other sanitary products like baby wipes and bleach wipes have also had inventory levels completely depleted. Those importers are choosing the fastest transit possible to replenish hospitals and store shelves, which is airfreight.

“I believe that they’ll shift from air to ocean freight in the coming six to eight weeks as warehouses begin to fill and also ocean sailings begin to arrive with product.”

Stroh at Dachser says that predicting future freighter demand was difficult, adding: “At the moment we assume that the market for charter requests for the transport of medical supply will not change at least until the end of May.

“Due to the challenge of reduced belly freight capacities of passenger aircraft, we at Dachser are already working on intelligent solutions — own charter flights, stringent use of gateways — to satisfy our capacity requirements for the period after Covid-19.”

Airfreight per kg rates have spiked fourfold or even eightfold. Can they go even higher, and can faster ocean freight sailing times offer a real alternative as inventories build?

Says Shah: “The transpacific eastbound airfreight market in terms of pricing continues to be very strong, with capacity at a premium.

“Prices reflect this, as B747-400F charters planned for the end of April are being contract-



The consistent flight schedule, in addition to benefits like temperature control, is what makes procuring airfreight in passenger planes so attractive to sectors like pharmaceuticals and perishables
Neel Jones Shah, Flexport

ed anywhere between \$1.3m to \$1.5m, depending on destination and providers.

“We anticipate that the market will stay at these levels through the end of May and then begin to normalise.

“As for the transatlantic, capacity remains heavily depressed as passenger air travel remains either grounded or sparse between the US and European Union (EU).

“From the EU to the US east coast, rates to Atlanta and Chicago O’Hare are increasing after a short dip in rates.

“Rates to JFK in New York are spiking, especially as many US airlines have reduced flights in and out of New York to a bare minimum. There are no widebody connections to and from any other hub in the US.”

Shah adds: “I can’t comment on how much demand premium or flexible ocean services can absorb, but we’re seeing a trend among clients making the switch from airfreight to ‘fast boat’ services. Especially as charters on the transpacific eastbound go for over \$1m, clients are exploring how to expedite their shipments, using premium (or flexible) ocean services for the first time.

“These types of ocean services can reduce transit times to about 10-12 days and provide guarantees for delivery dates and first-on, first-off. We anticipate this will spur demand for premium ocean services in the future, with many clients shifting procurement from air to premium ocean freight where applicable.”

Airports and their ground handlers have also felt the strain but responded accordingly.

Wilson Kwong, chief executive of Hong Kong-based handler Hactl, says: “Hactl is well-attuned

to dealing with large numbers of freighters, and we are fully equipped to accommodate peaks as they occur.

“The recent surge in freighters was offset by a severe reduction in passenger flights, so overall volumes of cargo were still down from last year, and so this did not create real problems for us.

“The challenges are really those imposed by our continuing efforts to keep staff safe: for example, by rostering to minimise the number of workers on site at any time.”

Hacis, the road feeder arm for the business serving mainland China, did not experience any operational difficulties: “Freight is still allowed to cross the border, but border controls have been tightened as part of the ongoing efforts to prevent the spread of the virus.

“Drivers must now provide a hospital certificate confirming they have tested negative, and this must be updated weekly. This causes only slight delays.”

Freighter-focused Liege airport in Belgium, a hub with very few passenger services as the norm, was waiting for the post-Chinese New Year ramp up of freighter services ex-China to begin — but it did not.

Instead, there were eastbound charters taking medical devices and masks from Europe to China until the virus began spreading around the world, which reversed the situation: PPE and medical devices coming from China into Europe.

ESTABLISHED PROCEDURES

But Liege was prepared, as it had been a gateway hub for emergency supplies to Africa from Europe during the Ebola outbreak.

The airport authority had already established procedures for dealing with aircraft and crew during a viral outbreak.

The airport is now one of a cluster of airfreight hubs around the globe handling freighters flying for the World Health Organization, a role which could generate around 30 additional flights per month.

It is early days in terms of the response to the pandemic, but what are the lessons learned so far by the airfreight industry, and what does the future hold?

Steven Polmans, director cargo and logistics at Brussels Airport and chairman of TIACA, says things have changed: “Undoubtedly, the world has learned the importance of airfreight in recent weeks and months.

“Whereas we were seen as a little brother of logistics — in volumes, not in value of transported goods — and we have to fight for our



Collaboration in the logistics chain is crucial — how many times are we going to repeat that a chain is as strong as its weakest link?

Steven Polmans, Brussels Airport and TIACA

place at the table on other days, governments have recognised the importance of logistics and airfreight as a crucial sector, and in many boardrooms, cargo and airfreight suddenly got (again) a higher priority.

“It is impressive to see how our industry has adapted quickly to the new reality and needs. Despite the loss of a lot of belly capacity, we were able to adapt in the short term and transport goods all over the world again.

“New routes, using passenger aircraft for cargo only, loading cargo in the main cabin of passenger aircraft, dealing with restrictions and crews, congestions and customs procedures. It required an effort from each of us in the logistics chain, but we did it.”

Col of CEVA believes the Covid-19 crisis will “induce a radical change in the way future supply chains operate”, adding: “Given the massive consequences Covid-19 is having on the global economy, we are convinced a post-Covid-19 economy will not be the same as before; we can’t return to ‘business as usual’. Time will tell what this will do to supply chains, and the potential for a change of transportation modes.”

Kwong of Hactl says that the air cargo industry has “performed magnificently” throughout this crisis, as has the whole logistics sector.

“We have seen innovation, hard work, determination and sheer bravery. We have all helped to keep vital supply lines running, and I hope those who have previously undervalued our industry are now developing a better appreciation of its importance to global trade and everyday life.”

CARGO ON THE RADAR

For Shah of Flexport it is clear: “If there was one big takeaway from this: cargo is now on the radar screen of every airline chief executive in the world.

“New production freighters are being contemplated in the boardrooms of both cargo and passenger airlines, as they are finding cargo to be their only source of reliable revenue during the pandemic.”

He continues: “It’s going to be a rough 2020, and now there is a collective agreement that it could take years for passenger demand to return to pre-crisis levels.”

“Most of the major airlines are going to be more consolidated than they were before the crisis, which means freighter carriers could actually have better financial stability.

“Freighter carriers will be able to fill the capacity void, and yields will likely be higher as a result of less competition from belly capacity.

“I do think that over the next six to nine months consumer demand is going to take a major hit, so there won’t be much commercial cargo to carry.

“However, as the global economy recovers the freighter airlines should be in a good position to capitalise on the growing demand.”

Stroh of Dachser takes a similar view: “We assume that after the crisis there will be a shift towards robust systems, intelligent supply chain management systems and reliable and predictable supply chains.”

Says Polmans: “Collaboration in the logistics chain is crucial — how many times are we going to repeat that a chain is only as strong as its weakest link? — and the digitisation process really needs to shift up a gear. Preferably even two gears.

“Despite the challenges we will face in the aftermath of this crisis, we also have a momentum in our favour. The importance of airfreight is once again well known.

“Taking that momentum to give our industry a push in the right direction is entirely up to us. We as an industry determine whether we want to do this, and whether or not it will be successful!” ♦

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How can logistics professionals manage costs without creating unnecessary risks in the biopharma cold chain?

Kawal Preet, president, FedEx Express, Asia Pacific, Middle East and Africa, shares her knowledge

Reducing risks in the Asia pharma supply chain

As the biopharmaceutical industry continues to accelerate production in Asia, global manufacturers are becoming increasingly exposed to supply chain risks on Asian trade lanes.

For those dealing with high-volume products, the smart management of freight shipments will be crucial for commercial success.

Biopharma executives face constant pressure to contain costs but have minimal tolerance for supply chain disruptions and quality breaches. With biopharma supply chains becoming increasingly complex and globalised, their job is becoming more challenging every year.

Balance costs and risks

Most supply chain managers know that total costs are a function of more than just the sticker price of transport and logistics services. One service or approach may be less expensive, but it imposes risks that can generate even greater costs down the road, for example, from mishandled products or unanticipated delays.

Such risks should be clearly assessed and accounted for during contract negotiations.

Some logistics providers, for exam-

ple, achieve cost reductions by outsourcing services to various third parties. Yet every time a product changes hands, it raises the risk of problems happening during the hand-over due to a lack of co-ordination between different stakeholders.

For this reason, biopharma companies should opt for closed-loop logistics services, with all operations and monitoring managed by in-house teams with a shared quality management system.

Other logistics providers are actively promoting ocean freight as a lower-cost alternative to airfreight.

This may make sense for manufacturers that can tolerate slower transport times, or those that are moving more time-sensitive ingredients or finished products between nearby countries, such as Japan and South Korea.

Although FedEx primarily provides airfreight services, multimodal transport solutions are available in collaboration with FedEx Logistics, a FedEx subsidiary.

For most manufacturers with high-value products, however, airfreight will remain the best option due to its speed and reliability.

It also carries fewer risks, particularly in the wake of IMO2020, a new



FedEx operates more than 650 freighter aircraft

international regulatory regime that aims to reduce the environmental impact of marine fuel.

These regulations may not only increase ocean freight costs, but may also lead to supply chain delays due to denied port calls.

Capacity considerations

Businesses need to shield themselves against potential risks in the supply chain, particularly amidst Covid-19, which is making supply chain operations more challenging. As spikes in demand for consumer products put strain on trade lanes, biopharma manufacturers face the ever-present prospect of surging freight prices.

They can also cause delays that yield further costs due to re-routing, repackaging, storage, and product spoilage.

One option for avoiding unexpected costs is to work with logistics providers that can offer stable and predictable pricing during seasonal fluctuations in demand.

Ultimately, every biopharma company will have its own cost considerations, risk appetite, and preferred approach to logistics.

When seeking a logistics provider, flexibility and agility are paramount, so look for an experienced solutions team that understands your business and can customise its approach to the unique needs of your business. **ECN**

Delivering on new investment

Covid-19 is changing the landscape for the airfreight industry but, as **Megan Ramsey** writes, the need for more efficient processes and systems has never been greater

The world has been experiencing unprecedented challenges since the early part of 2020 — but airfreight keeps flying, and the facilities that process it continue to evolve.

“The Covid-19 pandemic is a game-changer for our industry,” says Wilson Kwong, chief executive at Hong Kong Air Cargo Terminals (Hactl).

Few would disagree with that assessment — but for now at least, investment in cargo handling facilities is still in progress at various locations, despite the crisis.

Although it has suffered an 80% year-on-year drop in its April revenue, Swissport intends to complete several major projects that cannot easily be delayed.

First, the handler is co-operating with Unilode and Descartes to equip its 115 cargo warehouses with Bluetooth sensors to improve transparency in the supply chain.

The sensors will enable real-time ULD tracking and inventory control, so that airlines and freight companies can plan the distribution of their ULD fleets more efficiently and cost effectively.

Swissport is also installing self-service cargo kiosks to reduce truck wait times and digitalise documentation.

The first was set up at Brussels Airport in 2019 and it will roll out



LUG regards the impact of the pandemic as a catalyst for improvements across every aspect of its business

across all core Swissport cargo stations over the next 24 months.

Forwarders can enter shipping information using a web portal, and customers can link their IT systems via an API interface to Swissport’s database.

The new system is also connected to the European Union Regulated Agent database, and checks the security status of every shipment.

Another project for Swissport is the refurbishment of its cargo warehouse in Brussels, which will open by the end of 2020.

The 25,000 sq m facility includes a state-of-the-art Swissport Pharma

Center, which opened in 2019.

Brussels became Swissport’s first CEIV Pharma-certified warehouse in March 2015 and will be re-certified once the current construction work is completed.

Swissport’s Pharma Center in Nairobi, meanwhile, received CEIV Pharma certification earlier this year. Swissport currently has nine such centres.

Back in Europe, the handler plans to move its Frankfurt cargo operations to a new building in the airport’s Cargo City South.

This facility will be one of the biggest in the Swissport network. It will expand the company’s airfreight handling capacity at Frankfurt by about 50% to 200,000 tonnes per year.

“The new facility will include a pharma area too; once it’s all up and running, we will apply for re-certification under IATA CEIV Pharma. Groundbreaking took place in November 2019 and it should be ready for our operations by autumn,” a Swissport spokesperson confirms.

There is a growing trend for certification of cargo handling facilities.

Customers want a guaranteed cool chain, with a network of partners

they can trust on the ground, in the air and in the warehouse at the big pharma hubs.

Kwong observes that “uniformity is key to the ability of the industry to provide shippers with consistent and reliable services globally, across all links in the air logistics chain. CEIV is formulated with the support of airlines and, with IATA’s critical mass membership, it represents the best opportunity to achieve uniformity.”

Automation gains traction

Alongside the trend for specialist facilities — particularly temperature-controlled infrastructure — there is increasing investment in automation, not just at large-scale operations like Hactl’s SuperTerminal1 but also at smaller cargo airports worldwide.

Hactl recently devised its Smart Cargo Locating system, and has also just embarked on an Artificial Intelligence-based defect monitoring system for the 40 driverless vehicles within its giant Container Storage System.

Kwong considers that automation is likely to become increasingly common as older buildings are replaced and in response to the

‘The world had already begun to change, and that change is now accelerating’

Yuval Baruch, Hermes Logistics Technologies





'We have a lot to learn from the integrators and companies like Amazon'

Patrik Tschirch, LUG air cargo handling

challenges of cargo that requires special handling — such as pharma, perishables and animals — and of recruiting staff to work in what can be difficult conditions.

Yuval Baruch, Hermes Logistics Technologies chief executive, anticipates that the trend toward warehouses relying less on people and more on technology will gain traction in the face of pandemic-related staffing issues.

"The world had already begun to change, and that change is now accelerating," Baruch says.

Indeed, the industry has been looking for ways to become more automated for some time, says Patrik Tschirch, co-managing director at LUG air cargo handling.

"It's about being more intelligent, about how we use infrastructure, and how we manage our workforce and equipment, to cut out waste," he says.

"We have a lot to learn from the integrators and companies like Amazon.

"Either we must automate more in order to move higher volumes through our sort facilities, or cut a lot of slack out of our processes.

"We need to look at the overall process instead of taking a fragmented approach."

Working more closely with customs to align inspection requirements with supply chain time scales is one example Tschirch suggests; another is the development of self-service kiosks to allow truck drivers to pick up smaller shipments, thus improving efficiency.

A major problem at many airports — including Dubai International airport, where dnata processes its belly cargo — is that they are located in a city, which can lead to bottlenecks for trucking operations visiting cargo facilities.

Dnata senior vice president, UAE cargo and Dubai World Central airline services, Bernd Struck explains the company's response: "In December 2019, we implemented appointments for imports and we will add exports later in 2020. Landside customers have to book slots and adhere to them.

"This way, cargo is dealt with on a more just-in-time basis and we are able to optimise our facilities and time. Truck wait times used to be five or six hours; now, we can guarantee roughly one hour and it can be as little as 30 to 45 minutes."

Dnata is also planning to switch to a single internal cargo management system, One Cargo, across its network. This is set to be rolled out over several years, starting at the end of 2020.

Struck says: "So many processes are repeated; automating them through One Cargo will make operations more efficient, which will benefit us, as well as the whole community.

"For instance, using scanning and digital messaging instead of paper documentation helps to minimise cargo acceptance times."

Data development

Software provider Hermes is also rolling out a new tool: Hermes NG Business Intelligence (NGBI).

According to Baruch, NGBI enables quality decision-making by generating meaningful reports immediately, and it can connect to other systems, too.

"There is a growing perception that more co-operation between systems will make us all stronger and more future-proof," he says.

Data sharing will play an increasingly important role in the supply chain in the coming years.

"In the future, we will see more and more community systems, which facilitate integration of all stakeholders," Struck believes.

"These will help many airports to handle change. Only a few airports have them currently, including Singapore, Brussels and Schiphol. I believe these systems will be a big step forward to control and reduce fragmentation in our industry."

That collaborative attitude is also at the heart of Hactl's approach. Kwong says: "At Hactl, we view ourselves as equal partners with our customers: we know we can only be successful if they are.

"This is the driver behind everything we do and this will continue to be the case in the new world that lies ahead of us all."

Hactl's establishment of a dedicated charter team to simplify the process of operating freighter charters through Hong Kong is one example.

"This one-stop approach resulted in an immediate, obvious increase in freighter business when it was first launched — and it's proving very helpful in the current [Covid-19]



Hactl recognises the value of simplifying processes for customers

situation, where we are seeing a temporary increase in freighter flights replacing passenger line-haul capacity," Kwong says.

Elsewhere, Chicago Rockford International Airport is seeing a similar trend — to the extent that the pandemic is actually precipitating investment.

"We've had more charters, including those operated by Atlas Air, for instance," says Zack Oakley, deputy director of operations and planning at the gateway.

"The Covid-19 situation has driven the need for cargo carriers: they are vital to our supply chains, which need to move products as quickly as they can — especially medical supplies."

In light of this, the airport is pushing on with the construction of a 190,000 sq ft heavy freight complex in the south cargo section of the airport. Phase one is to start in the next couple of months.

The airport is also undertaking a 10 m ramp expansion in the north-west section, to accommodate three extra Boeing 747-8s. This would be a common-use ramp between the UPS and Amazon facilities, and is the first part of a three-phase project that will ultimately result in 10 more aircraft spaces as Rockford prepares for sustained growth.

It is possible that the shift towards freighter operations will be a feature of the air cargo business in the long run, as health fears and changed working practices reduce demand for passenger flights.

Either way, Tschirch is confident that while airfreight volumes moving through cargo handling facilities may be lower in the future than they were prior to Covid-19, globalisation will continue.

"This situation is a catalyst for the Amazons of the world," he says. "People will keep buying things online and the majority of it will move by air. The question is: how will we, the airfreight industry, get our share?"

If there is any silver lining to the Covid-19 cloud, it is perhaps that some excess capacity will disappear more permanently from the market, facilitating more economically viable freight rates — and that some of this benefit will filter down to cargo handlers, whose revenue is being squeezed because they are remunerated by volume.

"Industry-wide, this is the only way in which handlers can continue to invest in providing the modern, compliant facilities increasingly demanded by shippers and carriers," Kwong says.

ACI



'The Covid-19 situation has driven the need for cargo carriers: they are vital to our supply chains'

Zack Oakley, Rockford

DATA HUB

AIRLINE DEMAND

Capacity crunch blamed on the coronavirus crisis

In its latest air cargo analysis, IATA has drawn attention to the capacity crunch — a knock-on effect of the coronavirus pandemic — and it has urged governments to “cut the red tape” when it comes to measures being taken to reduce the capacity shortfall.

Speaking in early May, Alexandre de Juniac, IATA’s director general and chief executive, explained: “At present, we don’t have enough capacity to meet the remaining demand for air cargo.

“Volumes fell by more than 15% in March compared with the previous year, but capacity plummeted by almost 23%. The gap must be addressed quickly because vital supplies must get to where they are needed most.

“With most of the passenger fleet sitting idle, airlines are doing their best to meet

demand by adding freighter services, including adapting passenger aircraft to all-cargo activity. But mounting these special operations continues to face bureaucratic hurdles.”

IATA urged governments to: cut the paperwork for charter operations; exempt cargo crew from quarantine rules that apply to general populations; and ensure there are adequate staff and facilities to process cargo efficiently.

“Governments must cut the red tape needed to approve special flights and ensure safe and efficient facilitation of crew,” de Juniac said.

IATA reported that global airfreight demand, measured in cargo tonne km, fell by 15.2% in March compared with the previous year.

Meanwhile, global capacity, measured in available cargo tonne km (CTK), declined by 22.7% year on year in March.

“The impact of Covid-19 on global air cargo volumes became significantly pronounced in March,” IATA said.

“The outbreak continued to put stress on global supply chains as border restrictions, company closures and interruptions in transportation networks caused delays.”

Regionally, airlines based in Africa were the least affected

by disruptions in March, compared with other regions. They saw a year-on-year decline in CTK of 2.1% and a capacity decline of 10.9%.

Airlines based in the Asia-Pacific region saw demand decrease by 18.3% in March 2020, compared with the same period in 2019. Capacity decreased 30.9%.

North America-based airlines reported a 8.5% year-on-year decline in CTK for March and a decrease in capacity of 10.8%.

Europe-based carriers reported an 18.5% year-on-year slide in volumes in March and a decrease in capacity of 27.2%.

IATA suggested that this

was due to “widespread shutdowns in the manufacturing sector across the region”.

Growth turned to decline for Middle East-based carriers, which reported a 14.1% year-on-year drop off in demand following growth of 4.3% in February. Capacity declined by 20.6%.

Latin America-based airlines experienced an 18.5% year-on-year decline in cargo demand and a capacity decrease of 31.2%.

Looking at the prospects for the rest of 2020, IATA suggested that recovery will be slow. “The optimistic scenario is for a 13% fall in trade in 2020, while the pessimistic scenario sees a 32% fall in

trade in 2020,” IATA explained. “This will deeply impact air cargo’s prospects.”

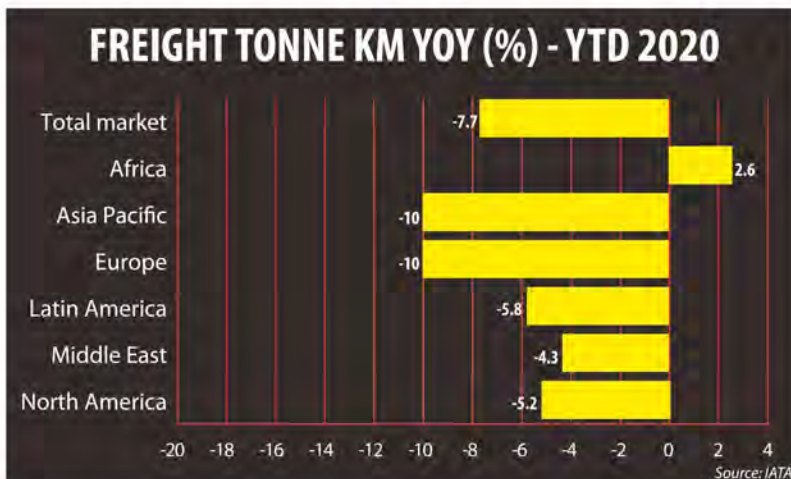
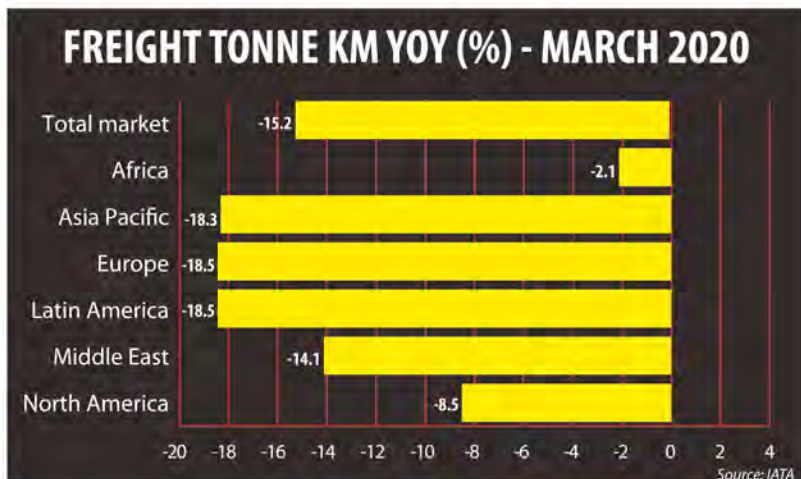
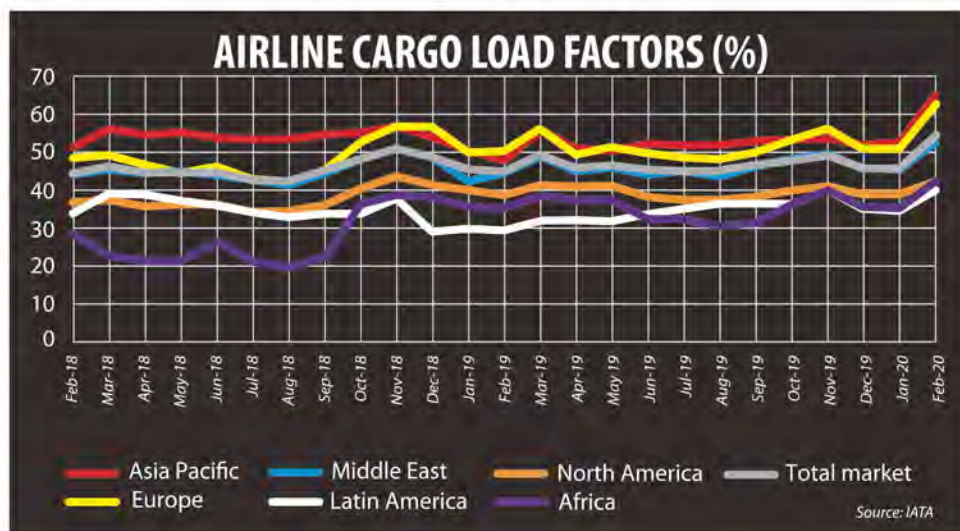
However, on a more positive note, IATA added: “One area of demand is growing sharply. Pharmaceutical shipments are tracking at double previous-year volumes. This excludes shipments of medical equipment.”

De Juniac concluded: “The recession will likely hit air cargo at least as severely as it does the rest of the economy.

“To keep the supply chain moving to meet what demand might exist, airlines must be financially viable. The need for financial relief for airlines by whatever means possible remains urgent.”

‘Governments must cut the red tape needed to approve special flights’

Alexandre de Juniac, IATA



AIRFREIGHT RATES

TAC Index prices at all-time high

There was no doubt airfreight rates would increase during April as a result of a coronavirus-related capacity cull. The big question was by how much they would grow?

TAC Index figures show that of the three routes usually included in this monthly rate wrap-up, average prices on services from Hong Kong to Europe in April registered the largest year-on-year increase, jumping by 86% on last year to \$4.93 per kg.

This is the highest level that TAC Index prices have been on the trade lane since its inception in January 2015.

There was also a large increase compared with a month earlier, when prices stood at \$3.08 per kg.

Meanwhile, rates on services between Hong Kong

and North America were up 58.1% year on year in April to \$5.96 per kg — also a record on the trade for the TAC Index. In March prices on the route stood \$4.03 per kg.

It was not just routes out of Asia that increased in price during the month, services from Frankfurt to North America registered a 74.9% year-on-year increase in rates to \$3.83 per kg.

While rates out of Hong Kong climbed quickly in April, it was prices from Shanghai (not usually included in this monthly analysis) that registered the steepest ascent as urgent demand for the transport of personal protective equipment (PPE) resulted in a scramble for space.

Chinese measures to ensure the quality of PPE

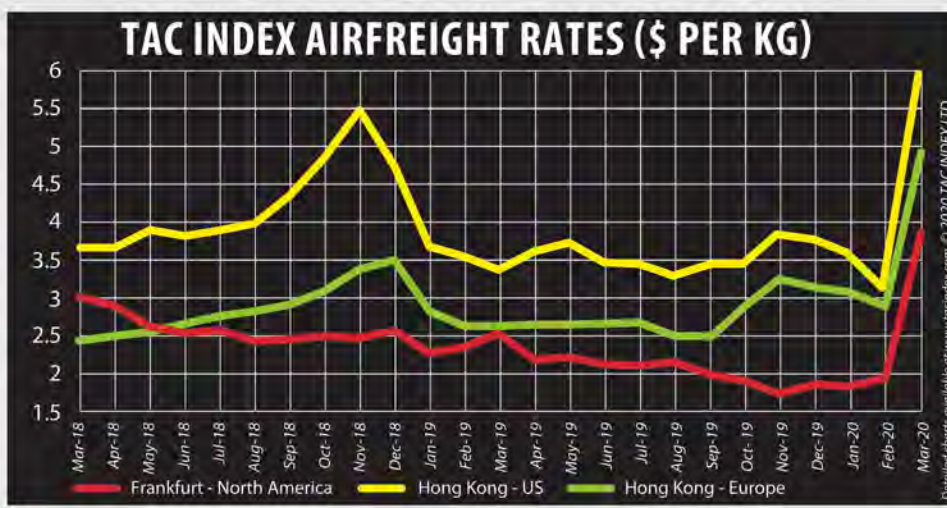
being exported also created snarl ups at airports as officials checked the standard of products.

From Shanghai to North America, average rates started the month at \$6.59

per kg — already a record for the index — and ended the month at \$9.34 per kg.

From Shanghai to Europe, rates started the month at \$5.15 per kg and ended April at \$8.93 per kg.

It should also be noted that these prices take into account all types of airfreight contract — those looking to secure space on the spot market would have been left facing much higher bills.



AIRPORT THROUGHPUT

Volumes begin to drop in Europe

The latest cargo statistics began to reveal the impact of the coronavirus outbreak on freight demand in March.

Over the first couple of months of the year, the impact of the coronavirus outbreak had been largely felt in Asia.

However, in March that began to change. Airports Council International (ACI) Europe figures show that cargo volumes at hubs on the continent declined by 17.5% year on year in March.

This is much higher than the 7.3% decline that airports in the region recorded during

the first quarter, demonstrating the increasing impact of the outbreak on airports as the year progressed.

European Union (EU) airports saw their cargo volumes drop by 18.2% year on year in March, while non-EU facilities recorded a 13.9% drop off.

Looking at individual airport performance, Europe's largest cargo hub, Frankfurt, saw demand drop by 16.1% year on year in March to 160,112 tonnes. For the first quarter, demand was down by 11.5% to 440,170 tonnes.

Amsterdam Schiphol — normally ranked third or fourth in Europe — found itself the second busiest cargo hub as its volumes dropped off by 16.8% to 120,481 tonnes. Over the first three months there was an 8.7% year-on-year decline at the airport to 349,854 tonnes.

In March, Paris CDG was down 33.2% to 115,550 tonnes and Heathrow fell 32.5% to 100,857 tonnes. Over the first quarter, Paris CDG dropped 15.3% to 398,703 tonnes and Heathrow was down 18.5% to 332,610

tonnes. Both of these airports have minimal freighter flights were therefore more affected by passenger airlines reducing services.

Over in Asia Pacific, the world's largest cargo hub, Hong Kong International Airport (HKIA), saw cargo volumes decline by 12.4% to 378,000 tonnes in March.

For the first quarter there was a 10.9% drop off in volumes to 988,000 tonnes.

"On the cargo front, amongst the key trading regions, traffic to and from Southeast Asia and Europe

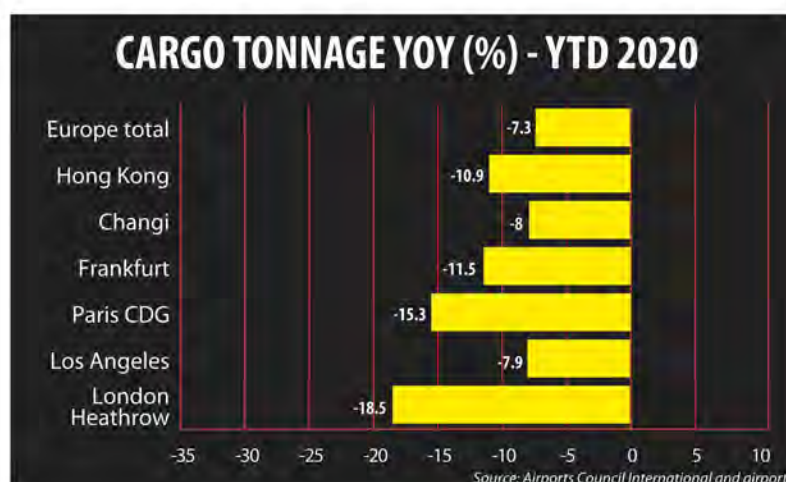
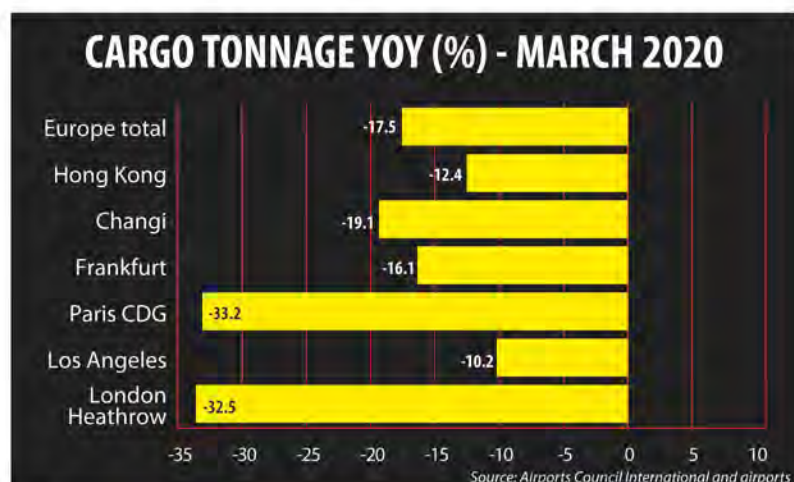
decreased most significantly in March," HKIA said.

"The decline in cargo throughput was mainly attributed to 42% decrease in transshipments.

"Exports were stable while imports grew slightly by 1% year on year."

Meanwhile, in the North America region, west coast Los Angeles International Airport recorded a 10.2% year-on-year decline in cargo and mail volumes to 186,921 tonnes.

During the first quarter, cargo volumes were down by 7.9% to 506,927 tonnes.



CONTAINER SHIPPING

Spike in sailing cancellations

Container shipping lines are bracing for tough market conditions to continue for the remainder of 2020.

In a financial update given in mid-May, AP Moller Maersk — owner of the world's largest shipping line — said that it expects container volumes to decline by between 20% and 25% during the second quarter of the year, following a 3.2% drop in demand during the first three months of the year.

Also, the company now expects container volumes to decline this year after previously predicting an increase.

While the volume outlook is negative, the company said that the industry had managed to maintain price discipline thanks to the expansion of container shipping line alliances.

Carriers have also been actively cutting capacity. For example, Maersk Line cancelled 90 sailings in the first quarter of the year and it has planned — so far — for another 130 to be axed in the second quarter.

AP Moller Maersk chief executive Søren Skou said: "Looking into the second quarter of 2020, visibility remains low as a result of the Covid-19 pandemic.

"We continue to support our customers in keeping their supply chains running. However, as global demand continues to be significantly affected, we expect volumes in the second quarter to decrease across all businesses, possibly by as much as 20-25%.

"2020 is a challenging year, but as we proactively respond to lower demand and show progress in our transformation and financial performance, we are strongly positioned to weather the storm."

According to consultant Drewry, it is not just Maersk that has been busy cancelling sailings to better match supply with demand.

According to its cancelled sailing tracker, the highest number of sailing cancellations since the Covid-19 outbreak was in February, registering

a spike of 105 cancellations across transpacific and Asia-North Europe/Mediterranean trades.

The lowest was in March, with 33 cancellations, representing a drop of 69% from the previous month.

The total sailings withdrawn on the transpacific, transatlantic and Asia-North Europe/Mediterranean trades in May 2020 is 82 out of 457 scheduled sailings.

Looking at the various shipping line partnerships, The Alliance has the highest number of cancelled sailings during this period (34%), followed by 2M (30%) and Ocean Alliance (21%).

Of the various trade lanes, Drewry said the transpacific is the most affected by the reduction of capacity, with 45 blank sailings, followed by Asia-North Europe/Mediterranean trade (34%), and Europe/Mediterranean-North America trade (11%).

Drewry said it believes that carriers will "continue their practice of large-scale cancellations of sailings for

months" and suggested to shippers and forwarders that they not only check carefully the situation before booking, but also extend their lead times in case of operational delays.

Meanwhile, the containership charter market is also coming under pressure as operators look to return vessels in response to weaker market demand.

Figures from analyst Alphaliner show that in the first week of May the number of inactive containerships was approaching a record high.

In another development, the analyst said that container lines are increasingly sailing around the Cape of Good Hope instead of using the Suez Canal.

It said the move was driven by lower fuel costs, meaning it is cheaper to take the long route rather than pay canal tolls. Most of the sailings were ships returning to Asia from Europe, which would usually be expected to carry less urgent shipments and can therefore afford the lengthier sailing times.

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PEOPLE

IATA welcomes SVP of relations
Sebastian Mikosz
IATA has announced its new senior vice president of member and external relations, Sebastian Mikosz. Mikosz will lead the organisation's global advocacy activities and aero-political policy development, along with managing its strategic relationships. He will report to Alexandre de Juniac, IATA's director general and chief executive, and he will join the association's strategic leadership team.



Swissport Belgium appoints CEO
Thierry Miremont
Swissport has appointed Thierry Miremont as chief executive of Swissport Belgium. Miremont is an experienced senior executive with years of professional experience in transforming, restructuring and turning around organisations, Swissport said. Miremont's new role will see him reporting to Luzius Wirth, executive vice president Europe, Middle East and Africa of Swissport, and leading the Swissport cargo and ground handling teams at Brussels and Liège airports.



Stretton re-joins Crane in EMEA role
Jason Stretton
Jason Stretton has re-joined Crane Worldwide Logistics to lead the future growth of the Europe, Middle East and Africa region (EMEA). His previous positions at Crane included establishing the business entity in Ireland, as well as leading the operations development for EMEA. "Stretton will focus on the partnership with our clients as their operations continue production post-Covid-19," the company said.

ACL Airshop announces MD Asia Pacific
Mark Edwards
ULD firm ACL Airshop has appointed Mark Edwards as managing director of its Asia Pacific region and its affiliate entities in Singapore and throughout Asia. Edwards was previously a senior executive, Asia Pacific, at dnata, and prior to that, he served for 25 years in senior executive positions for large airline services companies in Europe and North America.

QUOTE OF THE ISSUE

'Airlines are doing their best to meet demand... but mounting these special operations continues to face bureaucratic hurdles'

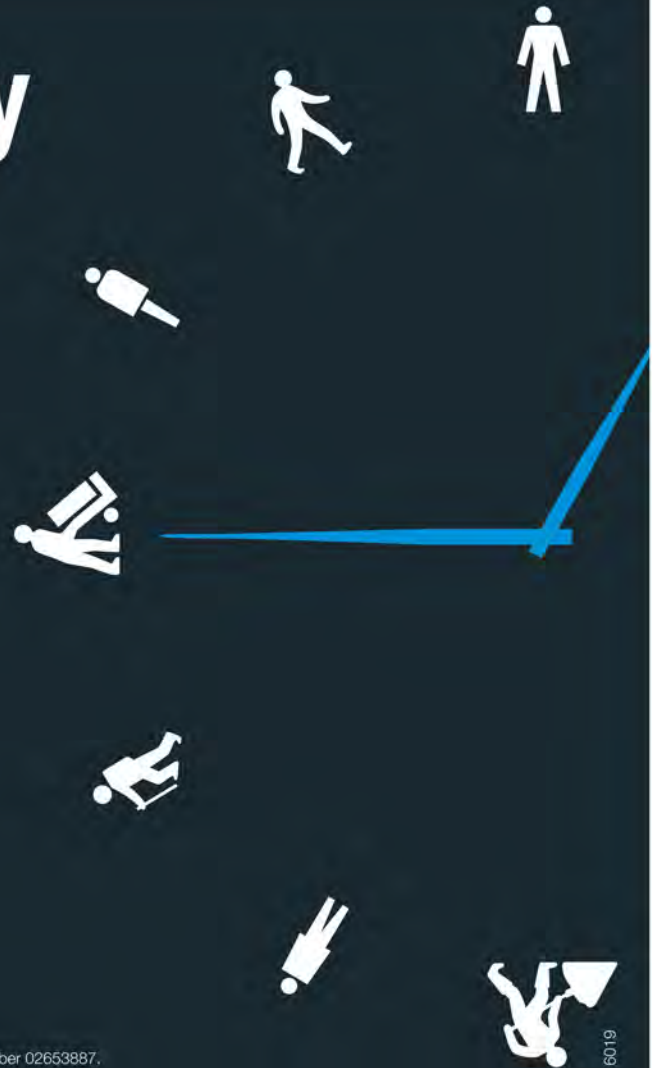
Alexandre de Juniac, IATA

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Road feeder services August 2020 issue
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