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Autumn 2021 / No. 895

AIR CARGO NEWS AWARDS 2021

EVERYONE'S A WINNER

A night to celebrate at the
Air Cargo News Awards

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TOP 25 AIR FORWARDERS

DHL leads the pack in a
changing marketplace

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PHARMA FOCUS

Air cargo steps up to the
Covid-19 vaccine challenge

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TURKISH CARGO



Autumn 2021 No. 895

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EDITOR'S COMMENT

Damian Brett



The peak of peaks

As I write this introduction, the air cargo peak season is getting underway. Expectations are that the end of the year will be an extremely busy and trying period for the sector as it deals with capacity shortages, rising demand, unpredictable lockdowns and modal shift from ocean to air.

To meet the challenges, forwarders have been ramping up their charter operations. Geodis seems to be expecting the supply chain complications to continue over a significant length of time, as it has leased an Airbus A330F for "several years".

The industry's ability to innovate and pivot to meet a changing market was recognised at a sold-out Air Cargo News

Awards held in mid-September.

The occasion was one of the first industry events to take place since the start of the pandemic. It provided a much-needed opportunity for networking and a chance to celebrate all that the industry has achieved over the past 18 months.

In the end, 220 people attended the ceremony, which you can read all about on pages 32-38.



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FRESH APPROACH:

Hong Kong-based Asia Airfreight Terminal has received IATA CEIV Fresh certification, confirming the terminal's capability to handle temperature-sensitive perishable goods to IATA's standard.

NEW PORTAL:

A new online air cargo booking portal has been launched. CargoBooking.aero connects GSAs and airlines to their forwarder customers through the use of API connections.

B777F ADDITIONS:

Lufthansa Cargo has added two more Boeing 777 freighters to its fleet, while its last MD-11F aircraft will make its last flight in mid-October.

GATWICK'S CARGO HOPE:

Gatwick Airport is anticipating that plans to utilise its Northern Runway will boost cargo traffic. If approved, volumes are expected to reach 350,000 tonnes per year by 2047, up from around 150,000 tonnes.

GREEN TOUCH:

Africa-based forwarder Total Touch Cargo Holland has joined Air France KLM Martinair Cargo's SAF programme.

LEIPZIG ON TARGET:

Germany's Leipzig/Halle Airport looks on course to achieve a record year for cargo as its volumes over the first eight months have exceeded 1m tonnes, up 18.4% year on year.

HKIA'S NEW RUNWAY:

Hong Kong International Airport is on track to open its third runway in 2022, having recently marked a major milestone of the three-runway system project with the completion of runway pavement works.

FORWARDERS

Air cargo braces for the 'peak of peaks'

Air cargo is preparing for "unprecedented challenges" in what has been described as the "peak of peak seasons".

As the air cargo peak season approaches, demand has continued to ramp up while capacity remains limited.

On top of these supply and demand issues, the industry is facing the prospect of unpredictable Covid-related lockdowns that could cause supply chains to grind to a halt.

DSV vice president and head of global airfreight procurement Mads Ravn told *Air Cargo News* the company had decided to widen its air charter network to offset the capacity shortages and potential disruption to supply chains in the final quarter.

The expanded network offers flights between Hong Kong, Zhengzhou, Istanbul, Liege, Chicago, Rockford and São Paulo's Viracopos.

"Our anticipation is that the peak season will be the peak of peak seasons," Ravn said.

"All indicators are looking in that direction with continuing shutdowns in China and Covid cases rising in Vietnam.



Geodis has leased an Airbus A330-300 converted freighter

"I can't see how the situation will resolve itself anytime soon. It is not like we are lacking cargo out there," he added.

Geodis is also investing in capacity and has leased a branded Airbus A330-300 converted freighter for "several years" to operate between Amsterdam, London, Chicago, China and Hong Kong.

Chief executive Marie-Christine Lombard said: "With the continued strain on airfreight capacity, we wish to ensure a more sustainable supply of air cargo space for our clients and are therefore investing in this, our own, first dedicated freighter."

Senator International has introduced flights to China and added services across the

Atlantic in response to supply chain disruption.

"The global air cargo industry is facing major challenges," Senator said. "Global demand exceeds available capacity. Due to new Covid cases in China the situation has gotten worse."

Meanwhile, supply chain group TIACA warned that the airfreight sector faces "unprecedented challenges" in the fourth quarter.

It said: "Shippers are therefore encouraged to work with forwarder partners to secure required capacity as early in the cycle as possible.

"Contingency plans must be established to deal with all eventualities that may arise. The key to success is planning and communication."

ACQUISITIONS

DB Schenker denies rumours of sale

DB Schenker has said there are no plans to sell the company as rumours resurfaced of DSV's interest in the Deutsche Bahn-owned forwarder.

Earlier this year, DSV chief financial officer Jens Lund told Danish publication *Shipping Watch* that the company would be interested in holding talks with state-owned Deutsche Bahn should DB Schenker be put up for sale.

This followed on from speculation that DSV could be inter-

ested in the company, which was valued at the time at around €8-10bn.

However, a spokesperson for DB Schenker said: "DSV's hunger for acquisitions is well known in the industry. However, as our owner currently has no plans to sell DB Schenker, any considerations are purely hypothetical."

Speculation has been circulating for years that Deutsche Bahn may sell all or part of its forwarding business, or attempt

an IPO, as it looks to raise cash.

However, the logistics business posted a strong set of results at the half-year mark which makes it more attractive to both potential investors and also to the wider Deutsche Bahn group.

Combining DSV and DB Schenker would create the world's largest forwarder, with volumes of around 2.6m tonnes per year and revenues of around \$46bn. Current leader DHL Global Forwarding last year generated revenues of \$28.4bn.

FORWARDERS

Opportunistic DHL

Deutsche Post (DP) DHL will maintain an opportunistic approach to freight forwarding acquisitions despite the spate of major deals recently announced by some of the company's peers.

Speaking after the delivery and logistics giant revealed its half year results, DP DHL chief executive Frank Appel (pictured) was asked whether the company planned to start making acquisitions following the completion of the roll out of the CargoWise IT platform and recent sector consolidation.

"There is no strategic need to do something," said Appel. "If there is a good opportunity to augment our capabilities, we will do that in [our] supply chain [business] and also DHL Global Forwarding and Freight."

He added that the company had the industry's biggest and "most global" network and that is different to some of DP DHL's forwarding competitors that have been active recently.

"But in principle, if there is a good target which will help us to grow our business faster, we definitely will go for it."

Shortly after Appel's state-



ment the company announced plans to acquire ocean freight and beverage forwarding expert JF Hillebrand Group and its subsidiaries in a deal with an equity value of around €1.5bn.

Hillebrand, which generated revenue of around €1.4bn over the last 12 months, will ship around 500,000 container units in 2021, and has more than 2,700 employees worldwide.

Appel described the deal as a "bolt-on acquisition".

"Using our financial strength, we are able to pursue quality investments while reinforcing our unchanged commitment to

deliver on investor return expectations," he said.

However, the deal is not of the size and scope of those announced by some of its rivals so far this year or even over the last couple of years.

These deals make it likely that the forwarder will lose its top spot as the world's busiest airfreight forwarder to Kuehne+Nagel (K+N).

Earlier this year, K+N completed the majority acquisition of Apex International as part of efforts to expand its presence in the Asian market.

Figures from consultant Armstrong & Associates suggest the combined entity will handle almost 2.2m tonnes of air cargo per year compared with DHL's 1.7m tonnes.

DSV has also been active this year following its takeover of Panalpina.

In April, the Denmark-based forwarder announced a deal to acquire Agility Global Integrated Logistics (GIL). The purchase will add around 350,000 tonnes of airfreight volumes and cement DSV's spot as a top three airfreight forwarder.

AIRLINES

Qatar joy as volumes hit record level

Qatar Airways Cargo reported a 4.6% rise in cargo volumes in the fiscal year ending March 31, despite the loss of much of its bellyhold network due to the pandemic.

The cargo division of Qatar Airways handled a total of 2,727,986 tonnes of cargo in the 2020/21 fiscal year to maintain its position as the world's largest cargo carrier. Daily services more than tripled at the peak of the pandemic, with a record 183 flights operating in one day during May 2020. Qatar Airways Cargo also operated more than 1,100 charters during the period.

The airline added a further three B777 freighters in January this year, taking its freighter operation to 24 B777Fs and two B747-8Fs. It also converted six Boeing 777-300ER passenger aircraft into mini freighters.

The increase in freight handled, as well as a "significant increase" in yields, saw cargo revenues hit QAR18.5m, up from QAR9.9m in the previous fiscal year.

LOGISTICS

CMA CGM looks up with B777F deal

Shipping company CMA CGM is continuing its expansion in the air cargo market through the addition of two new B777 freighter aircraft.

The Marseilles-based group will purchase the two aircraft directly from manufacturer Boeing. The freighters represent the airfreight division's first direct order of aircraft.

The freighters will be delivered in spring next year.

The B777 is Boeing's top-selling freighter model, with 272 orders since the programme launch in 2005, and offers a maximum payload of 102 tonnes



Marseilles-based CMA CGM will collect its B777 freighters next spring

and a range of 9,200 km.

CMA CGM Air Cargo was launched in February and operations began in March with a maiden flight between Liege and Chicago, followed by flights to New York, Atlanta, and Dubai.

The company currently offers

flights using four A330-200Fs, which are operated by Air Belgium.

ECS is selling capacity in its role as general sales agent while sister company Ceva is understood to have access to some capacity.

AIRLINES

Astral and Airlink align

Kenya-headquartered freighter operator Astral Aviation and Airlink Cargo South Africa have signed an interline agreement to connect their networks.

The companies said that the partnership could help to boost airfreight and logistics in Africa, as well as providing better access to the Sub-Saharan market through their hubs in Johannesburg and Nairobi.

Earlier this year, Silk Way West Airlines signed an interline agreement with Astral Aviation as it looks to offer destinations in Africa.

FLEETS

Lufthansa A321F deal targets e-commerce

Lufthansa Cargo will add two Airbus freighters to its fleet for the first time as it targets the e-commerce market.

The airline recently announced that two Airbus A321 aircraft will be converted into freighters to be operated by Lufthansa CityLine on intra-European services.

They are set to join Lufthansa's fleet "from the beginning of 2022".

The company pointed out that cross-border e-commerce shipments are forecast to grow by about 20% per year for the next five years.

"Consumers expect ever shorter delivery times for their ordered goods," the cargo business said. "This is also increasing the demand for airfreight connections within Europe."

The converted A321s will offer a payload of 28 tons with a range of 3,500 km. They will be fitted with large cargo doors and be able to carry standardised cargo pallets on the maindeck.



The A321Fs will have a payload of 28 tons and a range of 3,500 km

Lufthansa Cargo chief executive Dorothea von Boxberg said: "With the converted A321s, we are meeting our customers' growing demand for same-day solutions and further strengthening our dense network of global connections as well as our product offering."

"The selected aircraft type can transport 28 tons per flight, significantly larger cargo volumes than in the short-haul bellies of passenger aircraft. In addition to forwarders, integra-

tors and postal operators, e-commerce providers will be customers for this offering."

The move is significant for the cargo airline as its freighter focus until now has been on long-haul routes with B777 and MD-11 aircraft.

The decision also highlights the growing demand for e-commerce and comes as airlines find themselves with excess aircraft as a result of the Covid-19 outbreak's impact on passenger travel.

FORWARDERS

DSV returns to old name

DSV has decided to drop Panalpina from its company name, two years after its acquisition of the Switzerland-based forwarder.

The company said the decision to drop the DSV Panalpina name in favour of DSV was approved by shareholders at an extraordinary general meeting last month.

"Since 2019, DSV Panalpina A/S has been the name of the parent company of the global transport and logistics company; but with effect from today, the company's shareholders have approved a name change proposal by the board of directors to return to the previous name of the parent entity — DSV A/S," DSV said.

The company said that it had made the decision following the acquisition of Agility's Global Integrated Logistics business in August in an all-share deal.

"With this change, the timing is right to change the name of the parent entity back to DSV A/S and secure brand consistency across all markets and operations," it said.

HUBS

Amazon opens US cargo hub

Amazon Air has opened a \$1.5bn air hub at Cincinnati/Northern Kentucky International Airport that will serve as its central US cargo hub.

The hub has taken four years to construct and measures 800,000 sq ft across seven buildings on a 600-acre campus.

It has parking spaces for 100 freighters.

Amazon said the facility is equipped with "the innovative use of robotics technology that helps move and sort packages... miles of interlinked conveyors, and ergonomic workstations that support a comfortable work environment for employees".

AIRPORTS

Protests at Schiphol price hike plan

Dutch logistics group Air Cargo Netherlands (ACN), along with the wider aviation sector, has hit out at Schiphol's plans to hike airline charges by 40% by 2025 as a result of Covid.

Reports suggest that the planned increase will be implemented in three stages from 2023.

ACN has criticised the move, warning it could affect Schiphol's cargo business, with airlines moving to alternative gateways in other countries.

The group said the increase will apply to both passenger aircraft and full freighters.

"We understand the difficult position in which the airport

finds itself, but we feel that it is not right to lay most of the pain on the shoulders of the aviation industry, which had a very hard time during the coronavirus crisis," ACN said.

"This very substantial rate increase could jeopardise Schiphol's position as a leading cargo hub."

In response, a Schiphol Airport spokesperson told *Air Cargo News*: "The consultation process between Amsterdam Airport Schiphol and the airlines remains ongoing until October 31.

"Until this time, official fees will not be finalised."

ACN is working with Barin

— the board of airline representatives — to put a halt to the proposals.

Dutch media report that Barin is considering legal action to stop the increase.

The Royal Schiphol Group, which also operates Eindhoven and The Hague/Rotterdam airports, registered a loss of €158m in the first half of the year and the number of air traffic movements at Schiphol was down by 25.8% to 86,037.

Last year, the group reported a net loss of €563m.

The number of air transport movements at Schiphol was 227,304 in 2020, a decrease of 54.2% compared with 2019.

move noun

1 action to achieve sth; change in ideas/behaviour
• ADJ. big, important, major, radical, significant, substantial | decisive | astute, brilliant, clever, good, inspired, sensible, shrewd, smart, wise | bad | right She wondered whether she had made the right move in getting the truth. | false, wrong One false move could lead to war | positive | bold, brave, strong

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movement noun

1 act of moving
• ADJ. big | little, slight, small, tiny The eyes of predators are highly sensitive to the slightest movement. | quick, rapid, swift | gentle, slow | easy, graceful. | The mounted the horse in one easy movement. | The computer will use rubber wheels for easy movement. | dainty | controlled | free

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FORWARDERS

SGL snaps up Orbis in growth drive

Scan Global Logistics (SGL) has entered into a binding agreement to acquire New Zealand forwarder Orbis Global Logistics as it targets a top 15 spot in the air cargo market.

SGL said the deal would “significantly strengthen” its position in the Pacific region.

Orbis founders, Troy Hageman, Stuart Kingdon, and Stephen Fredricson, will continue to run the company.

SGL group chief executive Allan Melgaard said: “The Pacific region remains a key market for SGL in the years to come, where we expect significant growth and see strong demand.”

In August, SGL global chief operating officer for sea and airfreight Mads Drejer said the company had plans to become one of the world’s top 15 airfreight forwarders over the next five years.

REGULATIONS

Call for cargo-specific regulatory framework

Air cargo industry players and the UAE General Civil Aviation Authority (GCAA) are pushing for the development of an all-cargo specific regulatory framework to reflect the sector’s status as distinct to passenger aviation.

Ahead of an ICAO conference on Covid-19 being held on October 12-22, director general of the Global Express Association Carlos Grau Tanner and TIACA director general Glyn Hughes (pictured) called on the UN body to adopt a differentiated, open and flexible economic regime for air cargo.

In a joint statement, they said the pandemic had exposed the “inefficiencies that still exist in air cargo networks” caused by “outdated policies”, and had also shown that passenger and cargo industries were completely different business models that needed “unique and specifically tailored regulatory frameworks”.



“If we want to build more resilience into the international supply chains that are essential to fight global crises, now is the time for ICAO to address such inefficiencies through the adoption of a different, open and flexible economic regime for cargo air service,” they said.

“For all-cargo airlines and express carriers, flying cargo is their only business. Unlike most passengers, cargo — express or not — travels one way. Without the necessary traffic rights,

freighter airplanes risk travelling empty half the time, or at least their capacity would be underutilised, and resources would be wasted.

“Let us make sure ICAO steps up to this challenge and makes it a top priority to define an open, flexible and distinct regulatory regime for all-cargo services around the world.

“Such a regime must include the whole range of traffic rights, including fifth and seventh freedoms, so as to allow all-cargo operators the ability to optimise the use of their fleets by picking up cargo where and when there is demand for the service and transporting it to where and when the client requests it, with their dedicated fleet, through the most efficient routing; and to make efficient business decisions by allowing them flexibility in the routing of their cargo, and in handling their own fleets.”

AIRLINES

Western seeks lifting of restrictions

Freighter operator Western Global Airlines has asked the US Department of Transportation (DoT) to remove restrictions limiting the size of its fleet.

The company was first certified in 2014 and has grown its fleet rapidly since then, applying several times to have fleet limitations — put in place for new carriers — increased.

However, Western Global has now asked for the limitations to be completely removed.

“Given that Western Global has been operating very successfully for seven years and meets or exceeds all fitness criteria, the company submits that a condition limiting its fleet size is no longer necessary,” the company said in its application.

“The Department’s practice has been to monitor new entrants closely for the first five years and limit fleet growth while the carrier’s key management and technical personnel gain experience with its operations.”

It added: “In Western Global’s case the limitation is no longer necessary in view of the carrier’s record of successful operation.”

The airline was initially restricted to a fleet of four aircraft, which was later extended to nine, then 15, and most recently 19.

“Removal of the condition will help facilitate Western Global’s continued orderly growth,” the company added.

The airline’s operational fleet currently stands at 12 MD-11Fs

and three B747Fs. It also has three aircraft for spare parts and six intended for future operations.

Western Global also pointed to a secure financial position. In 2020 the company generated \$375.5m in operating revenues, following on from \$241.2m in 2019 and \$253.6m in 2018.

Net income for last year stood at \$122.4m. In 2019 it was \$15.9m and in 2018 the figure was \$48.4m. To June 30 this year, Western Global has generated net income of \$28.7m.

The company said it had a “well-established customer base” including e-commerce, express, freight forwarder, logistics, and government/military organisations.

SUSTAINABILITY

Geodis goes SAF green


Logistics provider Geodis has become the latest company to offer its customers more sustainable transportation options for their airfreight shipments.

Customers can now choose to send shipments on flights partially powered by sustainable aviation fuels (SAF), enabling them to reduce their carbon footprint.

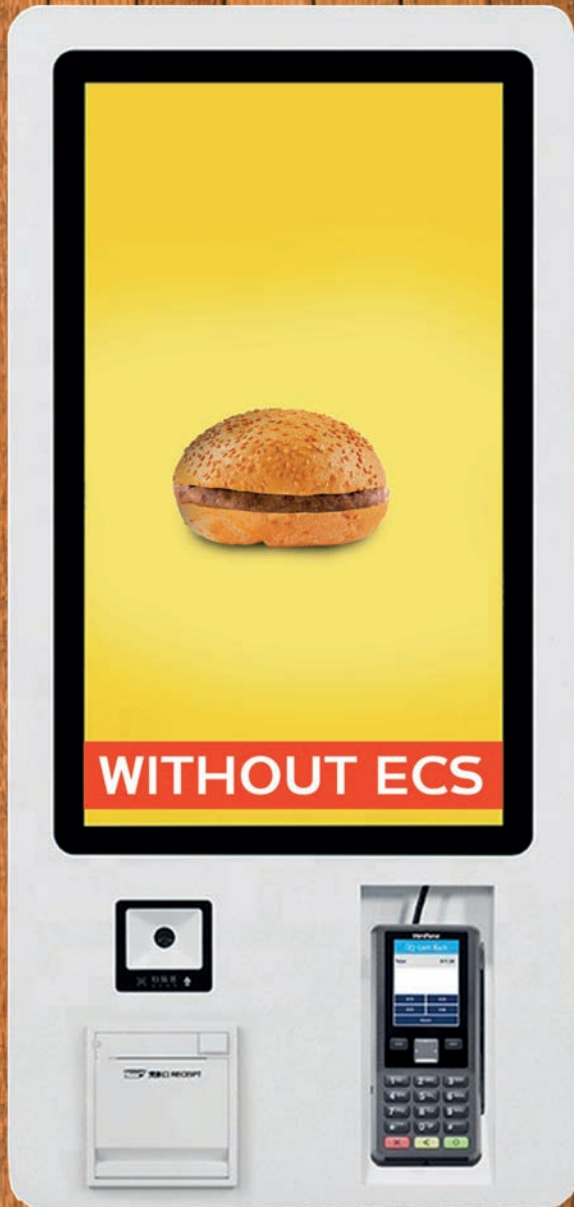
Additionally, the company is offering its customers the option to ship via seafreight using sustainable marine fuel.

The newly available sustainable airfreight and seafreight options that Geodis is offering are in addition to its road freight option.

TOTAL CARGO MANAGEMENT



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CAINIAO FREIGHTER:

Cainiao is launching a new freighter service from Shenzhen and Hong Kong to east Malaysia as it looks to reduce shipping times for e-commerce platform Lazada. The new service will operate three-times-per-week to Kota Kinabalu, Sabah, and Kuching, Sarawak.

FLEX DELIVERY:

Pemco Conversions has delivered a second Passenger-to-FlexCombi (FC) converted aircraft to Bahrain-based Chisholm Enterprises. Chisholm subsidiary Texel Air, a non-scheduled cargo airline, will operate the Boeing 737-700FC from Bahrain International Airport.

EXTENDED ORDER:

Aviation Holdings III Investments has placed an order for more freighter conversions with Aeronautical Engineers, Inc (AEI). The lessor has ordered a further three B737-800SF conversions from AEI in addition to the three announced in March.

HUB DEAL:

Ethiopian Airlines Cargo has signed up for another five years at Liege Airport. The deal means that Liege Airport will continue to be Ethiopian Airlines' cargo hub, serving as a freighter gateway between Africa and Europe until 2026.

CHINA-LATVIA B737F:

Parcel delivery firm Venipak Group has launched a B737-800 freighter service between Hong Kong and Riga to meet soaring demand and supply chain disruption in the Baltic region.

FREIGHTERS

Airbus adds A350F

Airbus has announced the launch of an A350 freighter programme while Boeing has confirmed a B777X freighter is under consideration.

Airbus confirmed that it hopes to launch a freighter version of the A350 in 2025, although it did not confirm a launch customer.

With the aircraft likely to have a slightly lower capacity than B777s, Airbus is pitching the aircraft on its efficiency and its ability to meet stricter ICAO emissions regulations coming into force in 2028.

Airbus chief executive Guillaume Faury said the aircraft would have 20% less fuel burn than twin-jet freighters, 30% less than a three jet aircraft and 40% less than a four engine model.

The aircraft is expected to offer capacity of more than 90 tonnes, with some reports



Photo: P. Pigeyre/Masterfilms

The A350F is likely to be based on the -1000 model

suggesting it could be able to carry more than 110 tonnes.

Faury added that it is likely to be based on the A350-1000 variant and will be embedded in the A350 production system — meaning there is no need to plan for an individual production rate for the freighter.

Faury said the decision to launch the freighter was also based on customer demand for a rival widebody freighter to Boeing's B777F and B767F.

Meanwhile, Boeing has also spoken about plans for a new

widebody freighter. *Air Cargo News'* sister title *FlightGlobal* reports that Boeing's chief executive David Calhoun views a freighter version of the 777X as a logical next aircraft programme for the Chicago-based airframer, noting Boeing will need a cargo jet that complies with looming aircraft emission standards.

Calhoun stressed that he is not suggesting Boeing has already launched such a programme or that "we have one planned".

CONVERSIONS

IAI starts work on B777 conversions

Israel Aerospace Industries (IAI) has started structural modification work on the first B777 freighter conversion on behalf of programme partner GE Capital Aviation Services (Gecas).

The conversion process will take approximately 130 days, and will include installation of a



new cargo door, replacing and strengthening the aircraft floor, installing reinforcements near the cargo opening, and modifying electrical systems.

The process will include certification for the converted aircraft by the Civil Aviation Authority of Israel (CAAI) and the Federal Aviation Administration (FAA), among others.

Executive vice president of the aviation group at IAI, Yossi Melamed, said: "Two years ago, we took our first steps on the courageous journey of the

co-operation agreement to convert the B777-300ERSF aircraft.

"Over these past two years, we have invested thousands of hours, coupled with engineering and logistical efforts, in order to reach this moment in accordance with the original schedule."

Melamed said demand for converting the B777 aircraft was high and IAI expected open spots for conversions to be quickly filled. He added that IAI expected to receive over 50 aircraft for conversion.

CONVERSIONS

Haeco scoops Precision contract

Aircraft conversion shop 321 Precision Conversions has picked Haeco Americas for heavy maintenance and structural modifications for its Airbus

A321 freighter conversions.

The agreement, which kicks off in January 2022, will see Haeco Americas — the North American airframe MRO unit

of Haeco — provide "extensive interior and exterior modifications". Works will be carried out at Haeco's Lake City, Florida facility.

AIRLINES

Eastern to convert 35 passenger-freighters

Eastern Airlines' entry into the all-cargo market has turned out to be much larger than initially expected after the carrier announced plans to eventually operate as many as 35 specially converted B777 passenger-converted freighters.

The aircraft will have seats removed like a typical freighter but will feature a Class-E maindeck, meaning they will have the level of fire protection usually found in a freighter.

As a result, the aircraft — dubbed the Eastern Express Freighter — will be able to carry more types of cargo than a typical passenger-freighter.

Eastern Airlines hopes the first aircraft will enter service in the first quarter of next year.



"Subject to STC approvals, the Eastern B777 Express Freighter will be a fully certified cargo aircraft with a Class-E maindeck capable of carrying a full load of volumetric express cargo non-stop between Asia and the US," Eastern Airlines confirmed.

"The Eastern Express Freighter will not be subject to the restrictions on cargo

commodities imposed on conventional passenger aircraft used as freighters.

"The innovative design converts the maindeck cabin of the widebody B777, the -200, -200ER and -300 series, into a true cargo aircraft. This allows the entire volume of the maindeck cabin to hold low-density, express freight cargo."

In future, Eastern Airlines also hopes to add a maindeck cargo door and a palletised loading system.

Earlier this year, the company revealed plans to add two B777s for cargo use.

Eastern Air Cargo currently offers general cargo sales, cargo charters, ACMI/wet-leasing and dry leasing.

CONVERSIONS

Mammoth announces B777 plans

Recently established Mammoth Freighters has revealed plans to launch Boeing 777-200LR and 777-300ER passenger-to-freighter conversion programmes.

The company was founded in December 2020 by Bill Wagner and Bill Tarpley, and is backed by private investment funds managed by Fortress Investment Group LLC and its affiliates.

The company has launched its Supplemental Type Certificate (STC) development programme and plans to achieve US Federal Aviation Authority approval in the second half of 2023.

As well as offering aircraft owners conversion services for their own assets, it will also convert ten B777-200LR aircraft from its stock of the model acquired from Delta Air Lines.

"The company, which possesses a Boeing data license to execute 777 passenger-to-freighter conversions, has already made significant progress since it began operations in late 2020. Design and engineering for the 777-200LRMF programme is well underway with tooling and parts already in fabrication," the company said.

"The conformity B777-200LR recently completed a comprehensive series of pre-modification flight tests and will commence modification in the second quarter of 2022.

"Upon certification of the B777-200LRMF, Mammoth expects approval of the B777-300ERMF STC to follow shortly afterwards."

Tarpley said that all models of the B777 with GE90-110/115 engines are "renowned for having superior operating economics" compared with the B747-400 and MD-11 fleets and, as freighters, both the B777-200LR and B777-300ER "have a bright future in supporting global air cargo demand".

AIRLINES

JD.com sets up new east-west flights

JD.com has teamed up with AeroTransCargo to launch regular freighter flights from China to the UK as part of efforts to meet growing cross-border e-commerce demand.

AeroTransCargo of Moldova will fly three-times-per-week using a B747-400F between Hefei Xinqiao International Airport in Anhui province and Heathrow Airport in London on behalf of JD.com. GSSA Air One Aviation is party to the contract.

The flight will enable transportation to European clients in as little as 48 hours, the company said.

The move follows JD's expansion of its international freighter network with flights to the US and Thailand earlier this year.

EXPRESS

DHL extends Atlas deal

Atlas Air has entered into contract extensions with DHL Express that will see it continuing to operate 20 freighter aircraft to support the forwarders' "fast-growing" express and e-commerce business.

Under the extended agreements, Atlas Air will continue to operate four different aircraft for DHL Express, including: six Boeing 747-8 freighters; two Boeing 747-400 freighters; eight Boeing 777-200 freighters; and four Boeing 767-300 freighters.

"These agreements build on the long-standing strategic partnership between Atlas Air Worldwide (AAWW) and DHL, which began in 2008 and included DHL acquiring 49% of AAWW's subsidiary, Polar Air Cargo, as well as a long-term agreement for six dedicated B747-400Fs to operate on key transpacific routes," Atlas Air said in a statement.

John Dietrich, president and chief executive of Atlas Air Worldwide, commented: "DHL Express is a global leader in express and e-commerce, and it is our privilege to contribute to their continued success.

"These agreements build on our successful 13-year partnership. We look forward to continuing to provide DHL Express with critical capacity through our modern, fuel-efficient fleet."

Atlas has also signed an ACMI deal to operate two B747-400Fs on behalf of FedEx to support its growing express and e-commerce network.



Photo: Shutterstock



Africa will reap alliance reward

Africa's freighter conversion market has received a boost, with Ethiopian Airlines' decision to team up with market specialist Israel Aerospace Industries (IAI) for a home-grown conversion base at its Addis Ababa hub.

The move, focused on the popular Boeing 767-300ER aircraft, will start with the conversion of three Ethiopian passenger B767s, and then, said the partners, "expand its services to all airlines in Africa and the wider region."

There is an untapped potential for P2Fs of all aircraft types in Africa, an issue raised by one of the continent's leading freighter operators, Sanjeev Gadhia, chief executive of Kenya-based maindeck specialist, Astral Aviation.

Speaking just a few weeks before the Ethiopian-IAI announcement, Gadhia told the

Addis Ababa-based freighter conversion specialist can provide cost-effective solution for carriers across the continent, explains Roger Hailey

TakeOff Cargo virtual conference that there is going to be "positive demand" for replacement narrow bodied freighters in Africa, citing his own airline which has some Boeing 727 freighters in its fleet.

"We really need to get to a stage where we are upgrading to the B737-800 or the Airbus A321 freighters and we have had a chance to look at both of them."

Gadhia added that the only thing that worries him is that the residual value of feedstock aircraft for the B737-800 and A321 is "very high" although the purchase prices are likely to come down once the Boeing 737-Max starts flying.

"We're seeing a situation of affordability because a lot of African carriers are not able to afford the high acquisition cost of the B737-800 or A321 unless you are a government-backed carrier," Gadhia said.

"When you look at the private sector, it is out of reach for a lot of airlines and that is why you see — besides Ethiopian Airlines — there is only one other African operator of the B737-800 freighter.

"We would like to request that the leasing and financing companies try to come up with attractive financing packages for African airlines so that they are able to acquire the new generation of narrowbody

freighters. The reality is that fuel prices are high compared to the same time last year from around \$20 per barrel to \$70 now.

"One of the advantages with the new generation narrow body freighters is that they are more fuel-efficient and hope that it will enable African airlines to upgrade their fleet with more efficient aircraft."

Opportunity knocks

Gadhia said that Africa's legacy carriers have a lot of aircraft with the potential for conversion, including the Boeing 777, the B767 and the B7637-800: "There are aircraft which can now be retired, especially because of the tough economic times faced by the passenger industry, and those aircraft could be born again as freighters and create a new level of opportunity for the African airlines that have a lot of abandoned aircraft."

➔ Continues on page 14



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→ Continued from page 12

Speaking before the Ethiopian-IAI deal was made public, Gadhia said that another “big problem” facing African carriers was the shortage of conversion slots, which may not become available until 2023, when the aviation industry might be in a different scenario altogether.

Collective benefit

Contacted by this publication about the Ethiopian-IAI conversion centre, Gadhia states: “The recent announcement on the partnership between IAI and Ethiopian Airlines to set-up a B767-300F conversion line in Ethiopia, brings new opportunities for the aviation industry in Africa.

“African airlines have been encouraged to convert some of their existing aircraft into freighters and the establishment of a conversion facility in Addis Ababa should generate positive results.

“As chairman of the African Airlines Association Cargo and Route Network Committee, I will urge Ethiopian Airlines and IAI to offer preferential slots, financing options and pricing to African airlines to encourage the continent to benefit from the new facility in Addis Ababa.

“In addition, I will urge the conversion facility to explore other aircraft models notably the B737-800 and B777-300.”

Asked for a comment, Ethiopian Airlines states: “Ethiopian airlines has always supported the significance of



Yossi Melamed, IAI general manager (left), and Ethiopian Airlines CEO Tewolde Gebremariam seal the deal on the Addis Ababa conversion base. The partners have pledged to look beyond B767s, with other Boeing models in the spotlight

collaboration amongst African carriers in aircraft conversion or any other industry-related forms for the betterment of the aviation industry in our continent.

“The centre in Addis Ababa airport will expand its services to all airlines in Africa and the wider region. We are planning to explore other aircraft models in our conversion facilities.”

The African carrier has clear regional ambitions. In late August, Boeing and Ethiopian Airlines signed an MoU to position Ethiopia as an “aviation hub for Africa”, with a collaboration focused on industrial development, advanced aviation training, educational partnership, and leadership development over the span of three years.

A joint statement says: “Both Boeing and Ethiopian will be striving for the Ethiopian Aviation Academy to be recognised as a global standard for aviation training, while Boeing is committed to developing Ethiopia’s manufacturing capability and aftermarket aviation services.”

IAI is also extending its global reach by establishing a P2F conversion site in Abu Dhabi for B777-300ERs with Etihad Engineering, a partnership also unveiled in August.

IAI’s “Big Twin” B777-300ERSF conversion programme with GE Capital Aviation Services will capitalise on growing demand for the largest twin-engine freighter.

In the initial stage of the partnership, Etihad Engineering

will facilitate towards two conversion lines accommodating multiple aircraft conversions per year.

International view

In July, IAI agreed with Italy’s Atitech to establish a P2F conversion site in Naples for the B737-700/800. The Italian MRO site will join two existing cargo conversion sites in China.

Africa needs a regional conversion hub. Ethiopian’s experience in operating a large fleet of aircraft, and its extensive MRO facilities already in place, looks a good fit with established and expanding conversion house IAI.

The longer term capability to extend the Addis Ababa site to handle other aircraft feedstock types beyond the B767 looks promising.

Africa’s aviation industry has seen expectations of rapid growth severely curtailed by the pandemic, but in a post-Covid recovery there is hope that the Single African Air Transport Market, despite its lengthy negotiation period, will open up African skies for fifth freedom flights.

Those freedoms, plus attractive loans for passenger aircraft conversions and regional P2F sites, should provide an opportunity for newly-converted freighters to serve the continent and boost air cargo growth. ♦

‘I will urge Ethiopian Airlines and IAI to offer preferential slots, financing options and pricing to African airlines to encourage the continent to benefit from the new facility in Addis Ababa’

Sanjeev Gadhia, chief executive, Astral Aviation



AIRLINES

Zeroing in on electric

DHL Express begins sustainable aviation push with order for 12 Alice eCargo aircraft



DHL Express has ordered 12 fully electric freighter aircraft as it looks to create an electric express network and make a “pioneering step into a sustainable aviation future”.

The Alice eCargo aircraft from Seattle-based manufacturer Eviation will have a capacity of 1.2 tonnes and a range of 815 km (440 nautical miles).

They are due to enter the DHL Express fleet in 2024 and can be flown by a single pilot.

John Pearson, chief executive of DHL Express, comments: “We firmly believe in a future with zero-emission logistics. Therefore, our investments always follow the objective of improving our carbon footprint.


“On our way to clean logistics operations, the electrification of every transport mode plays a crucial role and will significantly

contribute to our overall sustainability goal of zero emissions.”

Chief executive of manufacturer Eviation, Omer Bar-Yohay, adds: “Partnering with companies like DHL who are the leaders in sustainable e-cargo transportation is a testament that the electric era is upon us.”

The aircraft require 30 minutes to charge per flight hour and will operate in all environments currently serviced by regular aircraft.

Alice’s electric motors have fewer moving parts to increase reliability and reduce maintenance costs, DHL Express says.

As part of its new sustainability roadmap, Deutsche Post (DP) DHL Group is investing €7bn in green technologies, such as sustainable aviation fuel, to help cut its CO2 emissions over the next 10 years. It has also set the target of achieving net zero emissions by 2050. 

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JFK outlines its air cargo vision

New York's John F Kennedy International Airport will soon have its first cargo terminal development for 20 years, part of a new vision for the US east coast hub.

Aeroterm, a US-based third-party owner and developer of North American cargo terminal facilities, has teamed up with global ground handler WFS for a \$145m, 350,000 sq ft cargo facility on 26 acres to the north of the airport.

When completed, by the end of 2023, the terminal will replace two vacant, 1970s-vintage cargo properties: buildings 260 and 261.

Building 260 was opened 50 years ago and occupied by freighter operator Seaboard World Airlines. Seaboard was bought by Flying Tigers in the

Aeroterm and WFS have developed a new \$145m cargo hub to replace ageing mothballed facilities in New York. **Roger Hailey** reports

late 1980s, which was then acquired by Federal Express. Korean Air was the next tenant, but the site has been vacant for a decade.

Building 261 was also built in the 1970s for Lufthansa Cargo but has been mothballed for the past five years.

Both sites are owned by the Port Authority of New York and New Jersey, whose strategy is to bring 21st-century standards to cargo operations at its commercial airports. Importantly, it has the support of political leaders in the Big Apple.

This is a welcome big-ticket

investment at a signature US cargo hub whose facilities have started to show their age.

Buildings 260 and 261 opened their doors in the same year as the first Boeing 747 commercial flight to London, when the Beatles disbanded and the Apollo 13 moon-shot avoided disaster.

Joined-up thinking

Aeroterm's vice president for development, Greg Russell, spoke to *Air Cargo News* about the key selling points of the new site, for which it has a lease of around 30 years, with the

option for a 15-year extension.

What will be the main advantages for the operators of this future-proof facility? Ramp access is one of several highlighted by Russell: "The ramp has been designed to handle the Boeing 747-8 freighter, which falls within the group six aircraft category and is a very popular modern cargo aircraft.

"All of the existing facilities, specifically in this location and at JFK more broadly, were designed to handle a maximum of group five-sized aircraft.

"Certain locations have obtained operational approval to handle group six aircraft today, but they have also had to adjust group five parking positions by angling the aircraft and restricting adjacent cargo handling activity."

That adjustment makes cargo handling inefficient and, in

some cases, group six aircraft are not able to access the positions for all operating environments.

Adds Russell: “Our facility will have ramp access capable of supporting three group six aircraft directly adjacent to the facility. This will optimise operational efficiency and help position the facility and JFK to better compete on the global supply chain.”

Another plus will be the Elevating Transfer Vehicle (ETV) material-handling system with capacity for storing more than 300 ULDs, making maximum use of the vertical space within the warehouse floor area to increase processing efficiency.

Light fantastic

Sustainability is a third plus point, with an array of solar panels on the roof. Tenant WFS also plans to incorporate zero-emission ground support equipment (GSE), which will include electric within the warehouse but also electric ramp handling equipment once that becomes commercially available.

The facility will have cold rooms for handling temperature-sensitive pharma and perishable goods, while the economic use of warehouse space will maximise the processing of e-commerce freight.

WFS handles a wide range of cargo that includes e-commerce goods but also other airfreight types, so a modern air cargo warehouse requires flexibility within the terminal.

While the pandemic raised the profile and airfreight

‘[The port authority] recognises that there would be significant efficiency gains by consolidating the cargo operations into a particular area of the airport’

Greg Russell, Aeroterm vice-president for development



volumes of pharma and e-commerce goods, Russell says that the facility’s original design concept took that growth and other future trends into account.

Adds Russell: “The task we were given by the Port Authority was to deliver a modern, first-class cargo facility and many of these things were factored in, even pre-pandemic.

“Specifically: digitalisation, temperature control for handling of pharmaceutical and perishable goods, and flexibility to accommodate growth in e-commerce. We were already thinking about all these items and working with WFS to incorporate them into the building.

“There has been some operational design tweaking, mainly in office portions of the facility rather than the warehouse, but the core design remains the same because these are growth trends that our team was already anticipating.”

While Aeroterm has a template for its air cargo real estate investment, Russell says

that there will always need to be modifications or adaptations to account for the local conditions: “It is important to understand that not all airports are the same and there will always be the need to modify certain design components, to adapt to the handling characteristics at a given airport. Flexibility within the terminal is paramount.”

Tomorrow’s world

The New York port authority’s plans for JFK’s air cargo facilities extend beyond the current Buildings 260 and 261 replacement, part of that new vision for a modern airfreight hub.

Says Russell: “The Port Authority recognises it has older cargo facilities, ranging between 20 and 50 years old, and that there are certain operational inefficiencies within those facilities and their general layout.


“It also recognises there would be significant efficiency gains by consolidating the cargo operations into a particular area

of the airport. All of that aligns with the Port Authority’s vision plan for JFK, and cargo is absolutely a key component of that vision.”

As the leading third-party owner and developer of on-airport support facilities, Aeroterm oversees more than 15m sq ft of property and developments at 36 different airports across North America.

But does Aeroterm have international ambitions for developing air cargo terminals beyond North American airports, working jointly with its ground handler customers to bring its expertise to congested hubs worldwide?

Says Russell: “First and foremost, our focus is on bringing value to our existing property set and customer base, but we are always interested in finding new ways to help our customers.

“If that results in opportunities to expand globally by leveraging our skills and expertise then that is something we take very seriously and will absolutely look at.” 



A CGI graphic depicting the new terminal at JFK

Counting on cargo

Delta used the challenging circumstances of the pandemic as an opportunity, reconfiguring its fleet to save costs and shifting its focus to its cargo operations. **Rachelle Harry** reports

Rob Walpole joined Delta Air Lines in September 2019 — at “an interesting time for cargo”.

Indeed, just months after he took up the role of vice president of cargo, the carrier underwent a period of change as the coronavirus pandemic hit — and its airfreight operations became a key focus area for the wider business.

Like many other carriers, Delta Air Lines’ revenues plummeted as passenger services were suspended. In order to survive, the carrier shifted its focus to its cargo operations — a move that not only helped it to “eliminate cash burn”, but supported the overall business as well.

“Like many airlines, we shrunk to the bare minimum as quickly as we could,” says Walpole. “The initial burn rate in the second quarter of last year — not for cargo, but for the overall company — was around \$100m a day.”

“We worked pretty hard to set up cargo-only capacity with our passenger aircraft and we were one of the first airlines in the US to launch cargo-only operations. That was in April 2020.”

Delta’s fast response to the crisis helped it to “support industries in need, such as pharma and healthcare”.

In addition, the cargo business served as a cash generator “through the tough times”.

In the short term, Walpole says, Delta’s cargo operations from a revenue perspective have become worth a bigger share of the business.

“Cargo became increasingly important in that respect, in terms of the financial situation of the company,” he says.

He adds: “We at Delta — and I think this is the case with other companies — have since thought about how cargo can be leveraged as a more meaningful share of enterprise.

“For example: how networks are planned, how airports can optimise the way cargo is

managed alongside passenger businesses, how cargo and passenger customers are dealt with commercially, as well as aspects like passenger and cargo routes.

“Now, compared with pre-Covid times, I would say that Delta thinks about all of those things significantly differently.”

Future-proof strategy

During the pandemic, Delta Air Lines took steps towards future-proofing its finances by simplifying its fleet and minimising its operating costs. This involved: “Reducing by 200 planes at the time, including the B777s that were the workhorse for our cargo business.”

Walpole highlights that Delta used the downtime from its reduced operations last year to “reset our strategy and prepare from a cargo perspective, invest in technologies and make some organisational changes”.

Delta’s strategy moving past 2020 has involved bringing people to the cargo division from other departments in the business — such as passenger — “beefing up” its cargo sales and building up its domestic freight.

“We are certainly trying to make sure we maximise the short-term opportunity for cargo, but more importantly, use it as a springboard for the future,” Walpole says.

He adds: “We have made some changes from a product perspective. We have focused on our domestic product — Dash

‘We are certainly trying to make sure we maximise the short-term opportunity for cargo, and use it as a springboard for the future’

Rob Walpole, Delta Air Lines



Walpole believes Covid-19 has made airlines think about how to make their freight operations more efficient



While its passenger business struggled, Delta's cargo operations served as a cash generator "through the tough times"

— for distribution across the US and we are increasing our market share of speciality or premium products, with pharma being an obvious example.”

New market

In recent months, Delta's passenger and international cargo networks have continued to pick up and the market seems promising.

In its financial results for the second quarter of this year, Delta Air Lines reported cargo revenues exceeding pre-Covid (2019) levels.

From March to June this year, Delta Cargo posted revenues of \$251m — a 35% increase on its airfreight revenues in 2019.

Over the first six months, the carrier has achieved a 23% increase in cargo revenues, compared with 2019.

This year has seen demand pick up, in particular to the US, with rates also staying at an elevated level.

Walpole also notes that operating at major US hubs such as New York JFK has improved connectivity between North America, Asia, Europe and Latin America.

He says: “One of the advantages that we have is, alongside our cargo network, with Virgin, Korean and Air France KLM, our main partners, we have been able to put together more extended network solutions.”

Delta Cargo has made changes to its fleet to enable its cargo operations to “maximise

contribution within the business”.

“We are thinking a little bit differently about fleet design and where we would network our aircraft as the business rebounds,” says Walpole.

Currently, Delta operates with 122 widebody aircraft.

Earlier this year, it announced plans to order 49 more — a mixture of Airbus A330 and A350 aircraft.

It has also recently accelerated the delivery of two Airbus A350-900s and one A330-900neo — included in the 49 announced — for second half of 2022.

Walpole says Asia is a “prime market” that will be served with its Airbus A350s when the market picks up post-Covid.

Aside from its change in fleet, Delta has invested in its cargo application programming interfaces (APIs) to support its customers through their booking and management processes.

Walpole says: “From a technology standpoint, we are taking steps to improve both our back operations capability for cargo, as well as the customer-facing side.

“We have invested in our platform for customers booking cargo capacity online and the back office behind the system — and we are rolling that out later this year.

“Also, in partnership with PayCargo, we have given our customers in the European Union one of the smoothest booking interfaces — ➔

→ which in the US, I think, can sometimes be a messy process.”

In addition to future-proofing its business in the long term, the changes Delta has recently made to its fleet and operations are helping it cope with changes in demand — including expected growth in e-commerce.

Growth in e-commerce demand and pharma, as well as well as disruption to seafreight supply chains are all factors that have positively affected air cargo, he observes.

“The significant increasing pressure in e-commerce demand, which has occurred as a result of the Covid era, has put a lot of pressure and opportunity into the air cargo space,” Walpole says.

Forced to airfreight

“There is a backlog in ocean freight [supply chains] globally,” he notes. “There are a lot of companies that are flying products that they wouldn’t under regular circumstances — such as mining equipment and chemicals. They are being forced to airfreight their products because it’s the only way they can move them on time.”

He adds: “I think it’s a blip — a one- or two-year blip — and it won’t last forever. But it’s making a difference to the airfreight market.”

“Overall, air cargo volumes are back to pre-Covid levels and I think in the last few months, [load factors] have been a few percentage points above pre-Covid levels. Yet the capacity available to move those volumes is less than what it was prior to Covid, so there’s an imbalance between supply and demand.”

“That will continue through to next year — certainly through the first half of next year until airlines get closer to operating international flights to pre-Covid levels.”

He adds: “It won’t necessarily remain at the current peak levels from a pricing or yield standpoint, but the demand will continue to outstrip supply over that overlap period.”

“Our belief is that it will continue to be a supply-constrained market. There’s more demand out there than



Delta’s SAF investment is “equivalent to removing 457 cars from the roads for one year”

there is capacity available to be delivered from airlines,” he says.

Like many airlines, Delta is actively looking to make its operations — including cargo — more sustainable.

Last year, the carrier took a step towards becoming “the first globally carbon-neutral airline”, through its commitment to carbon neutral operations from March 2020 onwards.

As part of this, Walpole says, the carrier is running carbon-offset programmes for its customers, enabling them and other stakeholders to opt for a carbon-neutral buying status.

Delta’s longer term goals include increasing its capability to use sustainable aviation fuels (SAFs) to power its flights.

Walpole explains: “From a cargo perspective, we are working with our customers who will then invest in commitments and support the acceleration of SAF.”

To date, Delta has purchased 300,000 gallons of SAF, in collaboration with some of its corporate partners, enabling it to reduce its CO2 emissions by 2,100 tonnes each year — “the equivalent to removing 457 cars from the roads for one year”.

The carrier also recently signed its first multi-year SAF agreement with Corporate Travel Management (CTM). The three-year agreement will help the carrier to reduce its CO2 emissions each year by 209 tonnes.

Cutting carbon

In addition to its SAF efforts, Walpole says Delta is looking into the footprint of its facilities, as well exploring where improvements can be made to the footprint of its distribution activities, thereby helping it to lessen its CO2 output overall.

He says: “We run a fairly significant trucking network to

feed our cargo operations and we are working with our suppliers in those areas to facilitate carbon-neutral facilities, either with electronic vehicles or with carbon-neutral distribution activities.

“With a number of our suppliers, we are actively engaged with the trucking companies to explore more environmentally friendly fuel utilisation. There’s interest across the industry in general about the potential of [electric-powered] goods transportation beyond cars.”

Reflecting on the progress of Delta’s strategy thus far, Walpole says: “We are very focused on making sure that the cargo business carries its own within Delta and we are making the investments and taking the right steps to ensure that,” he says. “It’s a two- to three-year journey, but currently we are very happy with where we are.”



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Rivals close in on market leader DHL

Consolidation and the Covid-19 outbreak hit the airfreight forwarding market hard last year — and further change is afoot, writes **Damian Brett**

DHL Global Forwarding maintained its position as the leading airfreight forwarder last year despite volumes dropping. Meanwhile, Kuehne+Nagel (K+N) looks set to nab the top spot in the coming years and DSV — until recently known as DSV Panalpina — continues its rapid rise up the table (see page 24).

The latest annual market figures from consultancy Armstrong & Associates highlight the level of volatility registered in the air cargo market last year, with dramatic variances in performance.

For market leader DHL Global Forwarding, like many of its peers, 2020 was a tough year in terms of volumes as a result of the pandemic, although it was a different story for revenues and profits.

The Bonn-headquartered company saw its airfreight volumes decline by 12.1% year on year to 1.7m tonnes. That is the fourth-largest drop-off in percentage terms of any of the top 25 forwarders.

Looking at the financial performance of its forwarding division, total revenues for 2020 were up by 5.2% year on year to €15.9bn and earnings before interest and tax (ebit) improved

by 13.2% to €590m.

In airfreight, revenues for last year increased by 28.6% on 2019 levels to €6.1bn and gross profit improved by 17.2% to €1.1bn.

The airfreight volume decline reflects the Covid-19 outbreak that saw much of the world's airlines ground their fleets as passenger travel came to a halt.

This resulted in 45-50% of the world's cargo capacity being taken out of the market at the start of the outbreak, which had an obvious knock-on effect on the industry's ability to transport cargo.

Gradual recovery

As the year progressed, capacity recovered as carriers launched cargo-only flights using

passenger aircraft (sometimes with seats removed to boost capacity), some passenger operations were restarted and freighters that had been taken out of action were sent back to the skies.

By the end of the year, total global cargo capacity was down by about 16% compared with the same period in 2019, according to figures from Accenture's Seabury Consulting.

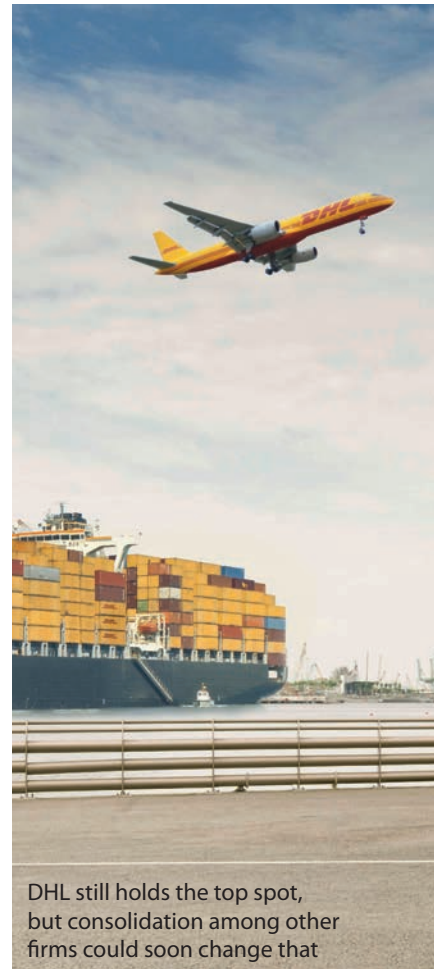
There was also a global recession, with economies shrinking by 4.3% and some sectors grinding to a halt as lockdowns brought a stop to projects and consumer spending.

On the other side of the coin, e-commerce and medical equipment shipments surged as



K+N's automotive and perishables businesses showed signs of recovery in the second half of 2020

Photo: Kuehne+Nagel



DHL still holds the top spot, but consolidation among other firms could soon change that

a result of the pandemic.

The lack of capacity also had a knock-on effect on pricing, sending airfreight rates sky high, which boosted forwarders' revenues and profits.

Commenting on its performance, DHL says: "The pandemic was the main reason for the [airfreight volume] decline."

It adds: "A central system for sourcing airfreight capacity and improvements in our global infrastructure contributed to the revenue increase.

"Over the course of the year, [the forwarding] division was faced with declining demand and a shortage of transport capacities in the market.

"This manifested itself initially in belly space cargo capacities on intercontinental passenger aircraft and on certain ocean freight routes toward the end of the year.

"The massive reduction in capacity led to a corresponding price and margin trend in the competition for available transport capacity.



Photo: Ruediger Nehmsow/DHL

“The international network and the market-leading position in air- and ocean-freight made freight transport possible in a tight market.”

The world’s number two airfreight forwarder, K+N, reported a similar performance.

K+N’s airfreight business saw revenues for the year increase by 11.6% year on year to SFr5.2bn and ebit was up by 53.5% to SFr505m.

However, K+N’s airfreight volumes for the year declined by 12.8% to 1.4m tonnes.

“While demand in certain industries increased, volumes in other industries, especially in automotive, aviation and aerospace, reduced until second quarter 2020,” K+N says.

“The automotive and perishables industries show signs of recovery starting in the second half of 2020, while the aviation sector remained weak.

“The outlook for the time-critical logistics business, acquired through Quick International Courier (Quick) at the end of 2018, was affected

negatively by the Covid-19 pandemic, driven from a down-trading of several major aviation customers.

“The recovery of these customers is uncertain and depending on the recovery of air travel — which is expected to take well beyond 2021 and will not return to pre-crisis levels until 2024 as per IATA.”

Joining the top three for the first time is DSV, leapfrogging DB Schenker into third place.

The fast-growing forwarder bucked the overall market trend as it registered a whopping 18.8% year-on-year increase in air cargo demand for the year as volumes touched 1.3m tonnes, thanks to its acquisition of Panalpina in the second half of 2019.

The airfreight division saw 2020 revenues increase by 64.9% year on year to DKr44.8bn and gross profits increase by 55.8% to DKr10.3bn.

“The global airfreight market was significantly impacted by the Covid-19 crisis during a

volatile 2020 and we estimate that market volumes were 13-15% below 2019,” the company says.

“As a large part of passenger planes were grounded, the bellyhold capacity was missing, and total available capacity was more than 20% below pre-Covid-19 levels.

“The demand for airfreight exceeded available capacity on most trade lanes, leading to historical high rate levels.

“Geographically the demand was strongest for exports from Asia during the year, whereas European exports were weaker.”

It adds: “It may take two years before inter-continental passenger traffic is back at 2019 levels, and the market will continue to rely on freighter aircraft capacity.”

Overall, 2020 was a mixed year for the airfreight market. In general, European forwarders tended to fare worst in terms of volume declines, with only one of the eight forwarders based on the continent managing to record an increase in demand,

as lockdowns and slower to recover economies took their toll on European firms.

US forwarders tended to perform slightly better in terms of airfreight volumes, thanks to a resurgent economy in the second half.

As a result, three out of the five US forwarders we were able to provide year-on-year comparisons for managed to record an increase.

CH Robinson, on the other hand, recorded the largest percentage decrease in air cargo demand on the list at 18% — it mentions the impact of capacity shortages several times in results round-ups.

By the final quarter of the year, however, the company had returned to growth.

Another non-European forwarder registering a large drop-off in air cargo volumes last year was Kuwait-based Agility, which saw demand drop by 15.6% on a year earlier.

It says the drop-off was the “result of Covid-19’s impact on demand and economic contraction across industries and geographies”.

“However, higher yields in airfreight, driven by continued demand for exceptional shipments, including many for life sciences customers and products, offset the decline in volume.”

Changing marketplace

Looking forward there could be several changes at the top of the list in the coming years, as market consolidation continues at a high pace.

The most notable deal announced this year came in May, when K+N completed the acquisition of a majority shareholding in China’s Apex Logistics — its largest-ever takeover.

The purchase price paid at closing amounts to SFr1.1bn and has been financed by the group’s own funds and about 750,000 new shares.

Apex generates a yearly turnover in excess of \$2.3bn and, in 2020, the company handled a total airfreight volume of about 750,000 tonnes





and a seafreight volume of 190,000 20ft container equivalent units (TEU).

The extra 750,000 tonnes of air cargo volume the company will bring will push K+N's total volumes to more than 2m tonnes — well ahead of current market leader DHL's 1.7m tonnes.

K+N chief executive Detlef Trefzger says: "The combination of Apex and K+N provides us with an opportunity to offer our customers a compelling proposition in the competitive Asian logistics industry, especially in e-commerce fulfilment, hi-tech and e-mobility. We are looking forward to welcoming the Apex colleagues to the K+N family."

The Apex deal was not the only large-scale acquisition announced this year.

In August, DSV completed the acquisition of Agility Global Integrated Logistics (GIL) in an all-share deal worth about \$4.1bn.

The purchase is expected to increase DSV's annual revenue by around 23%, which will rank the combined company as one of the top three forwarders, with revenues of about \$22bn and a workforce of more than 70,000 employees.

The deal is funded through the issue of 19.3m new shares in

TOP 25 AIRFREIGHT FORWARDERS IN 2020

Rank	+/-	Company	Air metric tons	YoY change (%)	Gross logistics revenues (\$m)	Headquarters
1	0	DHL Supply Chain & Global Forwarding	1,667,000	-12.1	28,453	Germany
2	0	Kuehne+Nagel	1,433,000	-12.8	25,787	Switzerland
3	+1	DSV	1,272,405	18.8	18,269	Denmark
4	-1	DB Schenker	1,094,000	-7.8	20,761	Germany
5	0	UPS Supply Chain Solutions	988,880	2.4	11,048	United States
6	0	Expeditors	926,730	-3.0	10,116	United States
7	+4	Apex Logistics International	750,000	*N/A	2,274	China
8	-1	Nippon Express	720,115	-4.3	19,347	Japan
9	-1	Bolloré Logistics	574,000	-9.5	5,265	France
10	0	Kintetsu World Express	556,875	-1.8	5,750	Japan
11	-2	Hellmann Worldwide Logistics	552,640	-5.8	2,740	Germany
12	0	Sinotrans	532,300	6.0	11,959	China
13	+2	Kerry Logistics	493,903	20.6	6,867	Hong Kong
14	**N/A	CTS International Logistics	398,175	9.6	2,160	China
15	-2	CEVA Logistics	363,000	-12.7	7,400	Switzerland
16	-2	Agility	356,475	-15.6	4,018	Kuwait
17	+1	Crane Worldwide Logistics	337,300	5.2	916	United States
18	-2	Yusen Logistics	337,000	0.6	4,248	Japan
19	-2	Dachser	310,860	-5.8	6,591	Germany
20	-1	Geodis	290,506	-5.7	9,135	France
21	-1	FedEx Logistics	265,600	1.2	2,100	United States
22	N/A	AWOT Global Logistics Group	250,000	N/A	1,645	China
23	-2	NNR Global Logistics	244,595	-5.9	1,194	Japan
24	-1	Pilot Freight Services	240,000	N/A	874	United States
25	0	CH Robinson	225,000	-18.0	15,490	United States
		Total	15,180,359	-1.5	242,407	

Revenues and metric tons are company reported or Armstrong & Associates, Inc (A&A) estimates. Revenues have been converted to US\$ using the average annual exchange rate. Year-on-year volume growth rates calculated by *Air Cargo News*. * = due to restated figures. ** = recently added. Copyright © 2021 Armstrong & Associates

DSV, which will give Agility an 8% shareholding in the combined entity, making it the second-largest shareholder.

In recent years DSV has also purchased Panalpina and before then UTi, with integrations completed faster than first predicted.

The forwarder said that scale remains one of the key competitive advantages in freight forwarding, with significant operational and commercial benefits.

"The air and sea division will be strengthened and will further cement its position as one of the largest providers globally with more than 2.8m TEUs and more than 1.6m tonnes of airfreight transported annually," DSV says.

"GIL's presence in the fast-growing emerging markets in Asia Pacific (APAC) as well as Europe and

Americas will be a strong addition to DSV's existing network.

"Contract logistics capabilities are increasingly important due to complex supply chains and changing distribution channels."

In terms of market impact, in 2020 GIL had \$4bn in revenue, of which approximately 80% is related to air and ocean freight.

Close to DHL

Combining DSV and GIL's airfreight volumes would push the company to 1.6m tonnes of airfreight, closing in on DHL's 1.7m tonnes.

However, DSV's ambitions may extend beyond GIL. Reports in late May suggest that the company could also be interested in Deutsche Bahn's DB Schenker in a deal valued at €8-10bn.

Rumours have been circulating for a few years that Deutsche Bahn is considering the future of the company and may attempt an IPO of its logistics arm, or even a partial sale.

At this stage it is not clear whether the company is even for sale. *Air Cargo News* sister title *DVZ* quotes Deutsche Bahn chief executive Richard Lutz as saying that the forwarder makes a contribution to the overall business and therefore should not be sold.

However, *DVZ* points out that the state-owned railway group is heavily indebted and political pressure to part with the forwarder could increase.

"Movement is likely to come into the matter at the earliest after the federal election — provided the Greens assume government responsibility," *DVZ* says. "They are said to have a weakness for a pure rail company DB. Then the cards could be reshuffled around a sale of the DB freight forwarding subsidiary."

If DSV were to purchase the company, it would then become the airfreight market leader with volumes of around 2.7m tonnes, based on the combination of its current volumes, plus those of Agility GIL's and DB Schenker's.



Detlef Trefzger (left): "We can offer customers a compelling proposition in the Asian logistics industry."

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Rescue mission

The global air cargo industry has not seen an event like the Covid-19 outbreak — and, one sincerely hopes, will not see anything like it again for many decades to come.

Yet the speed that the industry adapted to the changed landscape has been truly astonishing, with air carriers finding new ways to move vaccines, along with surging volumes of cargo, at a time when passenger flights and their bellyhold capacity were being slashed.

All this has been taking place against a background of pharmaceutical companies' efforts to ramp up global production.

DHL chief commercial officer Katja Busch told a news conference that, according to the company's latest life sciences white paper, the pharma industry has quadrupled the global production of all types of vaccine — from 5m to 20m doses — since mid-December 2020.

The logistics industry matched this production effort by distributing 1bn doses globally by mid-May, of which DHL accounted for 200m.

Air cargo adapted quickly to meet the particular requirements of precious Covid-19 vaccines under challenging circumstances, writes **Chris Lewis**

DHL itself had operated 9,000 flights up to that date and involved 350 of its facilities worldwide, as well as signing 50 collaboration deals with global partners.

Thomas Ellmann, vice president for life sciences and healthcare at DHL, said there is still a great deal more work to do before the virus is conquered. A total of 10bn

doses will need to be delivered before every adult on the planet has received two shots of the vaccine, in more than 200 countries — and best estimates are that this could happen in about mid-2022.

There may also be a need for further booster shots and new versions of the vaccine.

The Covid-19 vaccine has not been flown around the world in quite the numbers expected, not least because industrialised nations have tended to keep supplies to themselves, with only a limited amount being shipped to the developing world.

However, there are efforts to counter this, notably the Covax initiative, which aims to get as many shots into arms around the world as possible.

The task is huge — even vaccinating just healthcare workers and high-risk groups

would need 2bn doses of the vaccine worldwide.

Chief executive of temperature-controlled container firm DoKaSch, Andreas Seitz, says: "As of now, vaccines are mainly produced and used regionally — for example, in Europe and the US — because the production capacities are not sufficient to fulfil the global demands.

"However, the need for vaccines in these regions is now decreasing and production capacities can soon be used to supply other countries. In turn, vaccines will likely be distributed across the globe in significant amounts."

However, speaking at a conference organised by Volga-Dnepr Airlines and Leipzig-Halle Airport, Katri Bertram, founder of international development group Partners for Impact, said there remains a tremendous global imbalance in the distribution of the vaccine, which has reached only a few countries in meaningful numbers.

Miguel Rodríguez Moreno, director of the Cool Chain Association and senior manager of climate control products at Qatar Airways Cargo, believes vaccines are hardly a new

→ **Continues on page 28**



Andreas Seitz, DoKaSch






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→ **Continues from page 26**

product for the logistics industry, “but the quantity and scale is new and immense”.

The biggest challenges, he says, have been last-minute requests to remote or not so well-connected locations, limited capacity and challenges in positioning and returning active units, along with constant changes in shipment size, equipment used or dates of departure.

“Through close contact and collaboration, the industry has been successful in transporting the Covid vaccines to all corners of the world,” he adds.

While Covid vaccines have not moved to the developing world in the numbers many would like to see, the global effort should not be underestimated.

Worldwide effort

European Union (EU) emergency response officer David Pfrang says that around two-thirds of Brussels’ emergency response aid efforts around the world in 2020 were related to Covid.

For example, the EU set up initiatives such as the Humanitarian Airbridge to get vaccines to where they were needed in the face of reduced bellyhold capacity.

By the end of 2020, Etihad Cargo had already carried more than 5m doses through the HOPE Consortium, a public-private sector initiative established to distribute vaccines globally, led by Abu Dhabi’s Department of Health.

However, a full solution supply chain has been created to deliver 18bn vaccine doses by the end of this year, says Etihad Cargo’s manager global cool chain solutions, Fabrice Panza.

Guillaume Halleux, chief cargo officer at Qatar Cargo, says the carrier ramped up its efforts to transport vaccines.

As of July 26, it had transported more than 60m vaccines, including those under the Covax initiative.

Halleux says the US and Europe, having vaccinated a large percentage of their own populations, are expected to



Roger Samways, American Airlines Cargo

increase exports to other regions in the coming months.

Roger Samways, vice president commercial at American Airlines Cargo, says the carrier has been moving regular vaccine shipments across its network, domestically and internationally, with particular focus on Latin America. This includes 4.5m doses on two donated B777 flights from Chicago to Guatemala.

Collaboration is the key to moving vaccines, Volga-Dnepr Group’s pharma expert, Martin Köhnke, said at the Leipzig-Halle conference.

Without pre-planning, a single freighter could easily overwhelm facilities at many destination airports.

Important questions to answer include whether electricity supplies, dry ice and cold chain logistics are available.

Akkon University disaster aid expert Professor Timo Ulrichs added that to set up an effective supply chain, you need to start with the end of the chain and work backwards, making sure that everything is in place before the first plane takes off.



Fabrice Panza, Etihad Cargo

While the world has been very preoccupied with the Covid pandemic, other endemic diseases haven’t gone away.

Many diseases, some of them very treatable with access to the correct drugs, continue to kill more people in the developing world than Covid.

Katri Bertram of Partners for Impact points out that the Covax organisations have been active for decades in the fight against other diseases.

Covid vaccines account for only 25-30% of Etihad Cargo’s PharmaLife shipments, despite increasing by 94% since January.

In June and July, it carried 235,000 vials of tetanus and diphtheria vaccines in collaboration with Kuehne+Nagel and UNICEF, and 55,000 kg of an antiretroviral drug from India to Brazil on behalf of forwarder EFL.

Growing sector

Olaf van Reeden, cargo partnerships director at Schiphol Amsterdam Airport, says pharma was already an important product in the pre-coronavirus era, and was growing as a result of

developments in disease treatment and control, and an ageing population. This is why, in 2017, the Pharma Gateway Amsterdam (PGA) was founded by Air Cargo Netherlands, Amsterdam Airport Schiphol and 23 logistics companies.

Blake Attley, regional director UK and Ireland at general sales agent HAE Group, says regular shipments of non-Covid medicines have not diminished during the Covid pandemic and indeed: “If anything, there has been an increase in enquiries, which we have been trying to accommodate as best we can.”

He says that HAE was fortunate in that the carriers it represented did keep services going during the pandemic, either by using passenger aircraft as freighters using the aircraft’s bellyhold or, in some cases, putting cargo in the passenger cabin.

Handling the Covid vaccine at correct temperatures is difficult, but the task has perhaps become a little easier, says Ulrichs.

More is now known about the characteristics of the Pfizer vaccine and it can now be safely stored at only -20 degrees Celsius, rather than the -70 degrees Celsius mandated when it was first released.

Long before the Covid outbreak, airports around the world had been upgrading their cool chain facilities.

Frankfurt handler FCS — a subsidiary of Worldwide Flight Services (WFS) — has, since 2014, operated dedicated pharma facilities catering for the 2 to 8 degrees Celsius (460 sq m) and 15 to 25 degrees Celsius (320 sq m) temperature ranges and has progressively extended them to cope with increasing business.

It recently added to its capacity with a 44 europallet capacity “superbox” aimed at individual large customers that can operate at any temperature range.

The latter was part of the preparations for shipments of the Covid vaccine, but would be useful in coping with future increases in the market.

→ **Continues on page 30**

‘Through close contact and collaboration, the industry has been successful in transporting Covid vaccines to all corners of the world’

Miguel Rodriguez Moreno, director, Cool Chain Association

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→ **Continues from page 28**

FCS says: “You never know how this market will change. At the moment, overseas shipments of the Covid vaccine have not manifested themselves, but we have been in discussions with customers about possible future projects. Facilities can be used for other traffic.”

Huge improvements in packaging — such as dry-ice-filled boxes and containers — mean that exposure times are not as critical as they once were, says Anne Smirr, FCS’ director of sales and marketing.

Her colleague, Christoph Cyranek, who is in charge of quality, standards and performance, adds that close co-ordination with other parties — such as ramp handlers, forwarders and truckers — ensures that the cold chain remains unbroken and all processes and operations are of course closely monitored under the GDP and CEIV certifications.

Adam Tetz, director of worldwide marketing at specialist packaging firm Peli BioThermal, says that the colder temperatures for the mRNA (messenger ribonucleic acid) vaccines required dry ice and that several companies, including Peli BioThermal, innovated by adapting or creating new dry-ice packaging.

Not so cool

But he adds that while the Covid vaccines started out requiring super-frozen temperatures, “thankfully, the last miles of storage and transport have been allowed to be at more easily achieved frozen temperature or even refrigerated temperature. So, existing infrastructure can be used.”

The Covid pandemic reinforced the need for multiple sources closer to point of production.

Looking ahead, Tetz expects the market for Covid vaccines to become more like those for flu, with major effort and clinics at the beginning of each season.

Vaccines based on mRNA technology should be faster to manufacture than traditional vaccines, which may lessen



Meeting global demand means refrigerated vaccines are being flown further from their production hubs in the EU and US

pressure to ship large quantities at one time.

HAE Group’s Blake Attley says that while shipments requiring ultra-low temperatures of -70°C have not materialised, keeping vaccines at the correct temperature has proved enough of a challenge in itself.

Even at “only” -20 degrees Celsius, dry ice has been needed in addition to temperature-controlled containers to avoid temperature excursions.

Before Covid, passive packaging or thermal blankets were more commonly encountered methods to transport at two to eight degrees Celsius or 15 to 25 degrees Celsius.

Dry ice adds complexity because the amounts that can be carried on each aircraft are limited — though there have been some carrier- and route-specific increases — and it can be a juggling act to ensure that the aircraft capacity is not exceeded while ensuring integrity of the shipment.



Christoph Cyranek, FCS

Active packaging solutions remain the ideal approach for pharma transport, says Andreas Seitz at DoKaSch.

He adds: “We are expecting more single container shipments with several pallets, which have to be transported on regular flights.

“Solutions like our Opticooler are well suited for the task because they provide temperature-controlled transport for up to five pallets, which is an efficient option to counter limited air cargo capacity.

“Furthermore, temperature-controlled packaging solutions have other advantages for the vaccine cool chain.

“They also play an important role in regions with limited or no cool infrastructure.

“With their batteries, they can simply be plugged in to a power socket at the airport or other locations, which turns them into temporary storage units.”

Miguel Rodríguez Moreno of the Cool Chain Association adds that recent months have seen the introduction of new containers such as the Envirotainer RLP, with capacity for three skids, or SkyCell’s deep frozen one skid container, capable of maintaining temperatures ranging from -60 to -80 degrees Celsius.

Experts at the Leipzig-Halle event considered what lessons could be learned from the Covid pandemic and what preparations might be made for similar events in the future.

One possibility, said Ulrichs,

might be to ensure that there are stocks of commonly needed non-drug items such as syringes and personal protective equipment (PPE) at strategic locations.

However, humanity does not have a great track record of preparing for these events, he conceded. Many developing countries still lacked basics that are taken for granted in the West — even such commodities as soap — and perhaps the best preparation for the future might be to ensure that these were at least available.

The airfreight industry itself has also gained useful experience from the Covid emergency, says HAE’s Blake Attley.

This could encourage shippers to consider transporting vaccines and other temperature-sensitive goods on new routes and over longer distances.

He adds that the carriers HAE represents, and the airports they use, have invested in ramping up temperature-controlled storage and handling capacity, bringing to fruition in weeks or months schemes that would have taken years to realise in more normal times.

The question everyone in the industry will be asking now is what will happen as passenger services start getting back to normal? That could mean less space in bellyholds as passenger baggage demand increases and carriers may become less able to make space for cargo in the passenger cabin.



E-COMMERCE

Amazon delivers

The number of daily flights for Amazon Air continues to grow at an exponential rate as the e-commerce giant battles to underline its service credentials. But the reliance on third-party carriers is also increasing, says a new report. **Damian Brett** investigates

Amazon Air's flight activity increased by more than 17% over the last six months as the e-commerce giant continued to expand its fleet and network, according to a new report from the Chaddick Institute for Metropolitan Development.

The report, written by Joseph Schwieterman, Borja González, Mitchell Hirst and Abby Mader, shows that in August Amazon Air operated an average of 164 flights per day compared with 140 in February.

The increase comes as the number of aircraft in Amazon's fleet increased from 59 in February to 73 in August.

B767s remain the carrier's workhorses, accounting for about 60% of its daily flights, with the remainder being B737s.

The company also started operations in Canada during the period through a tie-up with Cargojet.

The new air transportation



services agreement has seen Cargojet operate two Amazon-owned B767-300BDSF aircraft as part of the Amazon Air network since mid-2021.

"The US and US Caribbean portion of Amazon Air grew 14% between the February and August periods, whereas Amazon's newly added intra-Canada operation now accounts for 3% of its daily flights," the report says.

The moves are part of efforts to speed up parcel delivery as e-commerce firms look to differentiate themselves from rivals through service provision.

"Amazon Air's expanded

reach bolstered its ability to rapidly move inventory among its multitude of warehouses and sorting services to make next-day delivery possible for an enormous array of products to much of the US population," the writers say.

Looking ahead, the report predicts Amazon Air will increase flights by a further 12-14% by January, taking its average number of daily flights to 180. Meanwhile, its fleet is expected to reach 80 aircraft.

As a result of the network expansion since February, the share of the US population that lives within 100 miles (by air) of an Amazon Air airport increased from 60.1% in February to 70.2% in August.

The report explains: "Amazon Air has put much emphasis on closing gaps in its US network, adding regular service to seven airports — Charlotte, NC, Fairbanks, AK, Kansas City, MO, Pittsburgh, PA, San Bernardino, CA, St. Louis, MO and Toledo, OH (serving Detroit, MI) since our February report."

The report also finds that Amazon Air is relying increasingly on flights of partner carriers not part of its fleet, such as ATI, ABX and Atlas.

"ABX Air is playing a particularly elevated role," the report states.

The writers estimate that partner airlines operate 20-30 daily flights in the US domestic market, while flight itineraries in Europe suggest there is also a "sizeable supplemental operation across the Atlantic" in addition to its own flights on the continent.

Amazon has leased two branded B737-800 aircraft from GECAS operated by ASL Airlines in Europe.

This follows the start of operations at its first-ever regional air hub in Europe in October last year at Leipzig/Halle Airport.

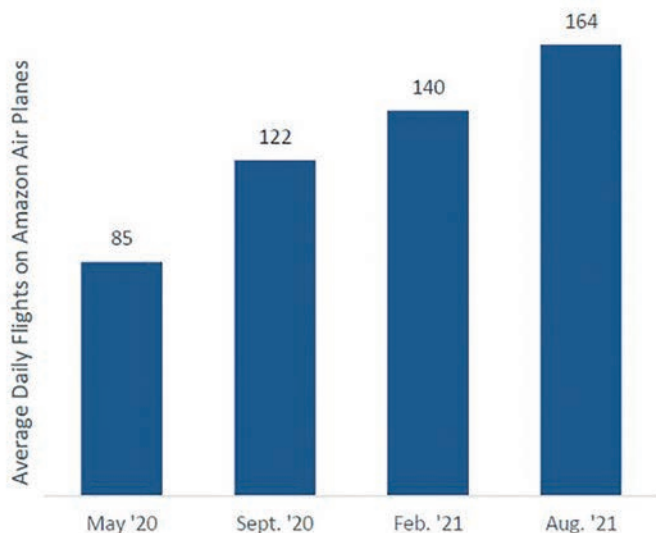
International expansion

Amazon's international expansion is also expected to continue: "Amazon Air will make more deliberate moves into international markets, although the direction this will take remains unclear," the report states.

"We anticipate Leipzig to be a focal point of that expansion, although Amazon's apparent penchant for using contractors makes tracking its European moves more difficult. Amazon's operation within Europe may already be larger than many realise."

Elsewhere, the writers expect "robust expansion" at its recently opened Cincinnati CVG facility and also at San Bernardino International Airport, "resulting in what could become two superhubs".

And Amazon is expected to increase its use of turboprop aircraft as it looks to reach mid-size destinations.



ACN celebrates airfreight's finest

Our awards night returned to the Runnymede on Thames hotel on September 16 to recognise the highest achievers in one of the toughest years in aviation history

American Airlines Cargo was crowned Cargo Airline of the Year 2021 at the Air Cargo News Awards, now in their 37th year.

In total, 14 companies scooped an award, based on a mix of direct voting by supply chain professionals and company submissions judged by a panel of industry experts.

The glittering awards ceremony was held at the Runnymede on Thames hotel in Surrey, UK, with more than 200 people in attendance. The evening was hosted by broadcaster Julia Hartley-Brewer.

The prestigious event also provided a great opportunity to network and catch up with friends over dinner after 18 months of digital meetings.

In the voted for categories, shippers, freight forwarders and operators within other industry sectors were asked to vote on the *Air Cargo News* website,



American Airlines Cargo's Andy Cornwell (C) picks up the Cargo Airline of the Year award from sponsor FlyUs Aviation Group's James Gidlow and broadcaster Julia Hartley-Brewer, who hosted the evening

over a two-month period, for the airline that provides the best overall customer experience and service in each region.

The top award was collected

by American Airlines Cargo's Andy Cornwell from award sponsor FlyUs Aviation Group's James Gidlow.

To win the Cargo Airline

of the Year Award American Airlines secured the highest total number of votes.

The airline won the award after quickly adapting to operate



Network Airline Services' John Gilfeather (L) presents the Best Cargo Airline — Africa award to Ethiopian Cargo's Michael Yohannes



Paul Dutton (CR) and Thomas Spring (CL) of Cargolux collect the Best Cargo Airline — Europe award from Richard Perry of *Air Cargo News*

a fleet of cargo-only aircraft while also embarking on the final stage of a five-year project to replace nearly 100 legacy IT systems with a single solution.

Ethiopian Cargo won the Best Cargo Airline — Africa award, which was sponsored by Network Airline Services.

Ethiopian responded quickly to the pandemic-driven capacity crunch by temporarily converting 25 of its passenger aircraft — with seats removed — for cargo operations.

During this time, the company operated 50 cargo flights per week to China to transport essential goods.

The airline has also expanded rapidly over the past decade: its freighter fleet has evolved from two leased aircraft to an inventory of 10 B777Fs and three B737Fs.

The award was presented to Ethiopian Cargo's Michael Yohannes by category sponsor Network Airline Services' John Gilfeather.

Crowded sector

In the Americas region, United Cargo beat tough competition in a crowded sector to take the Best Cargo Airline — Americas award.

United has proved its versatility over the past year by quickly launching innovative cargo solutions in response to the pandemic.

It has also taken steps towards more sustainable airfreight operations.

Cargolux won the Best Cargo Airline — Europe trophy. The Luxembourg-hubbed carrier

had a stellar year as its freighter aircraft continued flying throughout the pandemic.

In 2020, the company celebrated its 50th anniversary with revenues reaching new highs and, despite market disruption, it honoured all block-space agreements.

The award was presented to Cargolux's Paul Dutton and Thomas Spring by *Air Cargo News'* Richard Perry.

The Best Cargo Airline — Middle East, voted for by our readers, was Emirates SkyCargo.

The airfreight division of the passenger mega-carrier is at the forefront of the industry when it comes to investment in new products and services.

The airline quickly scaled up operations to meet a capacity crunch; it also set up a dedicated GDP-certified airside hub in Dubai to handle Covid-19 vaccines.

The award was presented to Justin Hanson by Rachele Harry of *Air Cargo News*.

The Best Cargo Airline — Asia prize was won by Saudia Cargo following a close vote.

The airline has significantly grown its digital presence through partnerships with online booking platforms in recent years. It has also expanded its cargo network with new routes and services.

The award was presented by Annie Roberts of *Heavylift and Project Forwarding International* magazine to Saudia Cargo's Robert Grubert.

Moving on to the judged categories, the specialist



Emirates SkyCargo's Justin Hanson (C) receives the Best Cargo Airline — Middle East award from Rachele Harry of *Air Cargo News*



Annie Roberts (L) of *Heavylift and Project Forwarding International* presents Best Cargo Airline — Asia to Saudia Cargo's Robert Grubert



maindeck award for the Best Freighter Operator category, sponsored by AIA Cargo, went to Qatar Airways Cargo.

The judges were wowed by the winner's fleet expansion in recent years, as well as the growth of its digital presence through partnerships with digital platforms.

The airline has also been involved in a number of charitable and sustainability initiatives.

The award was presented to Qatar Cargo by Jaime Salguero of AIA Cargo.

The hotly contended Charter Broker of the Year award was won by Chapman Freeborn. The charter broker demonstrated a huge variety of new services, solutions and projects.

The use of passenger aircraft for cargo operations and a women in aviation campaign stood out, while customer feedback cemented this company's position as our winner.

A high commendation was awarded to Air Charter Service.

The award to Chapman Freeborn was presented by *Air Cargo News'* Damian Brett.

The GSSA of the Year award, sponsored by American Airlines

Cargo, went to FlyUs Aviation Group, which impressed the panel of independent industry judges with an "exceptional commitment" to investing in new innovations. It has also recently won a series of new contracts.

Judges also commended this company's commitment to reducing its environmental footprint.

The award was presented to James Gidlow of FlyUs Aviation Group by Andy Cornwell of award sponsor American Airlines Cargo.

The Polar Air Cargo sponsored Ground Handler of the Year award was won by dnata, which has invested in new handling services and global infrastructure over the course of recent years while also capitalising on the opportunity presented by digitalisation.

Judges were impressed with this company's commitment to the environment.

The award was presented to dnata's Ross Marino by Graham Perkins of Polar Air Cargo sister company Atlas Air.

The SAL Saudi Logistics Services sponsored Innovation Award — Digital, which again

→ **Continues on page 36**



Jaime Salguero (L) from sponsor AIA Cargo presents the Best Freighter Operator award to the team from Qatar Airways Cargo



Staff from Chapman Freeborn collect the Charter Broker of the Year award from Damian Brett (L) of *Air Cargo News*



James Gidlow of FlyUs Aviation (C) picks up the GSSA of the Year award from Andy Cornwell of sponsor American Airlines Cargo

Graham Perkins (L) of Atlas Air, sister firm to sponsor Polar Air Cargo, presents Ground Handler of the Year to dnata's Ross Marino

→ **Continues from page 34**

received a record number of entries, was won by Air Cargo Belgium.

The solutions offered by Air Cargo Belgium were described by judges as “game changing”, both from a technological and a collaborative mindset perspective. Judges were also impressed by the high level of transparency offered by the system.

Saleh Al Daini of award sponsor SAL Saudi Logistics Services, presented the award to Air Cargo Belgium.

Dangerous Goods Online Training was highly commended by the judges.

The Etihad Cargo sponsored Innovation Award — Product was won by Dronamics. Judges praised this company for being original and unique, and for developing a much-needed service that is efficient, resilient and flexible.

Meanwhile, the operational costs, payload, distance numbers and emissions figures speak for themselves.

The award was presented to Dronamics’ Svilen Rangelov by Mark Faulkner of Etihad Cargo.

Brussels Airport was recognised as the Cargo Hub of the Year, sponsored by Chapman Freeborn. The judges highlighted the category winner’s pioneering use of digital technologies through its apps to improve airfreight and trucking operations at the hub.

The judges were particularly impressed with Brussels Airport’s focus on developing its

→ **Continues on page 38**



Saleh Al Daini (L) of sponsor SAL Saudi Logistics Services presents the Innovation Award — Digital to the Air Cargo Belgium team



Mark Faulkner (L) of category sponsor Etihad Cargo presents the Innovation Award — Product to Svilen Rangelov of Dronamics

Etihad Cargo is proud to have won the
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→ **Continues from page 36**

cargo community, as well as its investment in its physical and digital infrastructure.

The award to Brussels Airport was presented by Neil Dursley of sponsor Chapman Freeborn.

Changi Airport Group was highly commended for its entry.

Finally, Etihad Cargo was named winner of the Air Cargo Pharma Award. The judges were impressed by the airline's investment in upscaling its pharma operations, including the expansion of its cool chain facilities and the rollout of live mapping and tracking equipment. It is also a member of the HOPE Consortium, which distributes coronavirus vaccines to areas in need.

The Pharma Award was presented to Etihad Cargo's Martin Drew by *Air Cargo News*' Damian Brett.

"In what has been a challenging 18 months, the air cargo industry has demonstrated its importance to the world and that innovation and customer service go hand in hand with efficient and secure global supply chains," said Brett.

"It is a night of worthy winners, and a great social occasion that brings together so many industry friends who work together in partnership to make air cargo the key enabler of economic growth worldwide.

"Congratulations to all those who won an award — you are a credit to the industry."

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

THIS YEAR'S WINNERS

Category	Winner
Ground Handler of the Year (Sponsored by Polar Air Cargo)	dnata
Best Freighter Operator (Sponsored by AIA Cargo)	Qatar Airways Cargo
Cargo Hub of the Year (Sponsored by Chapman Freeborn)	Brussels Airport
Air Cargo Pharma Award	Etihad Cargo
Charter Broker of the Year	Chapman Freeborn Airchartering
GSSA of the Year (Sponsored by American Airlines Cargo)	FlyUs Aviation Group
Innovation Award — Digital (Sponsored by SAL Saudi Logistics Services)	Air Cargo Belgium
Innovation Award — Product (Sponsored by Etihad Cargo)	Dronamics
Best Cargo Airline — Africa (Sponsored by Network Airline Services)	Ethiopian Cargo
Best Cargo Airline — Americas	United Cargo
Best Cargo Airline — Asia	Saudia Cargo
Best Cargo Airline — Europe	Cargolux
Best Cargo Airline — Middle East	Emirates SkyCargo
Cargo Airline of the Year (sponsored by FlyUs Aviation Group)	American Airlines Cargo



Neil Dursley (C) of sponsor Chapman Freeborn presents the Cargo Hub of the Year award to the team from Brussels Airport



Martin Drew (C) of Etihad Cargo collects the Air Cargo Pharma Award from Damian Brett of *Air Cargo News*



Ground Handler of the Year 2021

for the 7th consecutive time

We celebrate this win with our team. It is their hard work and commitment that help us make a difference, every day. We continue to go the extra mile to consistently deliver safe, best-in-class services for our customers as we reconnect a better world.



**RECONNECTING
A BETTER WORLD** 

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DATA HUB

AIRLINE DEMAND

Delta variant casts shadow over July's positive numbers

July was another solid month for the air cargo industry, but rising Covid numbers could disrupt the sector's recovery, according to IATA.

Demand in cargo tonne km (CTK) terms increased by 8.6% in July compared with the same month in 2019 (used to mitigate 2020 Covid distortions).

Meanwhile, the cargo load factor reached 54.4% — a 9.5 percentage point increase on July 2019.

IATA director general Willie Walsh sounded a note of caution. "Economic conditions indicate that the strong growth trend will continue into the peak year-end demand period," he said.

"The Delta variant of Covid-19 could bring some risks. If supply chains and production lines are disrupted, there is potential for a knock-on effect for air cargo shipments."

IATA added that the July export orders component of the manufacturing Purchasing Managers' Indices indicated a short-term boost to demand, and the inventory-to-sales ratio remains low ahead of the peak. Typically, low inventories result in an increased use of air cargo.

Moving on to regional perfor-

mance, Asia Pacific carriers saw CTKs increase by 1.2% in July, compared with the same month in 2019. Load factors for the month stood at 65.4%, up 13.6 percentage points on two years earlier.

"Demand is being affected by an easing of momentum in key activity indicators in Asia, and by congested supply chains," IATA said.

European carriers saw cargo traffic for the month increase by 6.1% on 2019 and load factors stood at 59.8% — an increase of 11.3 percentage points.

IATA said that manufacturing activity, orders and supplier delivery times are still favourable to air cargo.

North American carriers saw demand in July increase by 21.2% on two years earlier and load factors increased to 44.3%, up 7.1 percentage points.

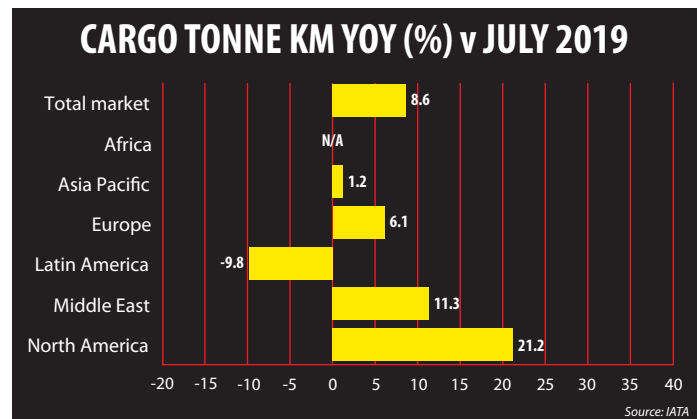
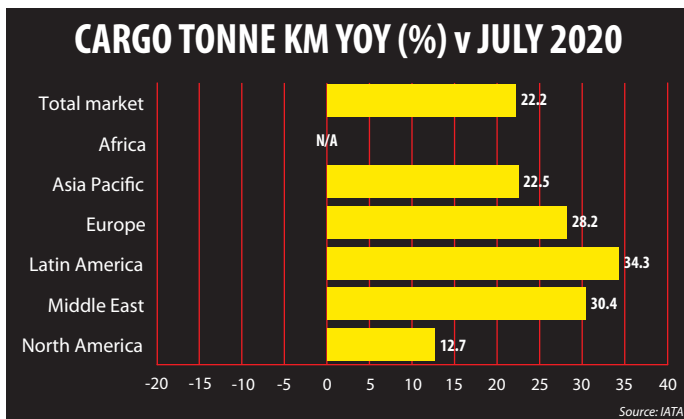
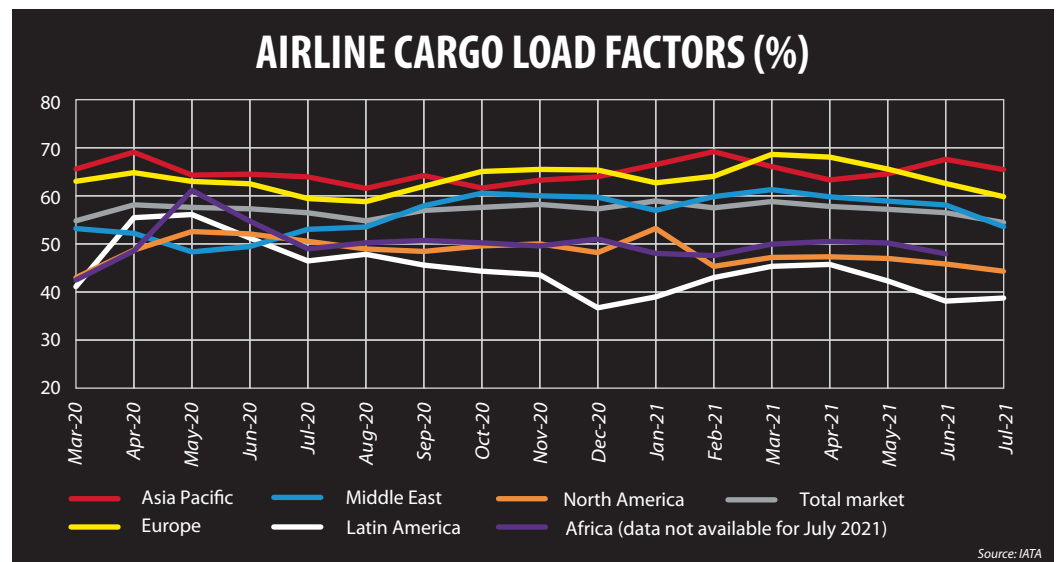
This increase comes as new export orders and demand for faster shipping times underpin performance.

Airlines based in the Middle East saw demand increase by 11.3% against 2019 and load factors stood at 53.6%.

Latin America-based carriers saw their cargo traffic for the month fall by 9.8% against 2019 and load factors were at 38.7%, up by 3.4 percentage points on 2019.

IATA said that performance from the region had been volatile but added that "several trade routes to/from Latin America are performing well, such as North-Central and North-South America and Europe-South America".

African carriers' statistics were unavailable at the time of release.



AIRFREIGHT RATES

Lockdowns push up east-west rates

Air cargo rates on major east-west trade lanes began to pick up in August as the industry faced supply chain disruption because of lockdowns in China and as the peak season loomed.

The latest figures from the Baltic Exchange Air Freight Index (BAI) show that in August average prices from Hong Kong to North America increased by 9.4% compared with the previous month to reach \$8.64 per kg — the second highest monthly rate of the year.

The increase comes as several airports in China — in particular the country's largest cargo hub, Shanghai Pudong — were affected by lockdowns as a result of growing numbers of Covid cases. This had a knock-on effect at other airports.

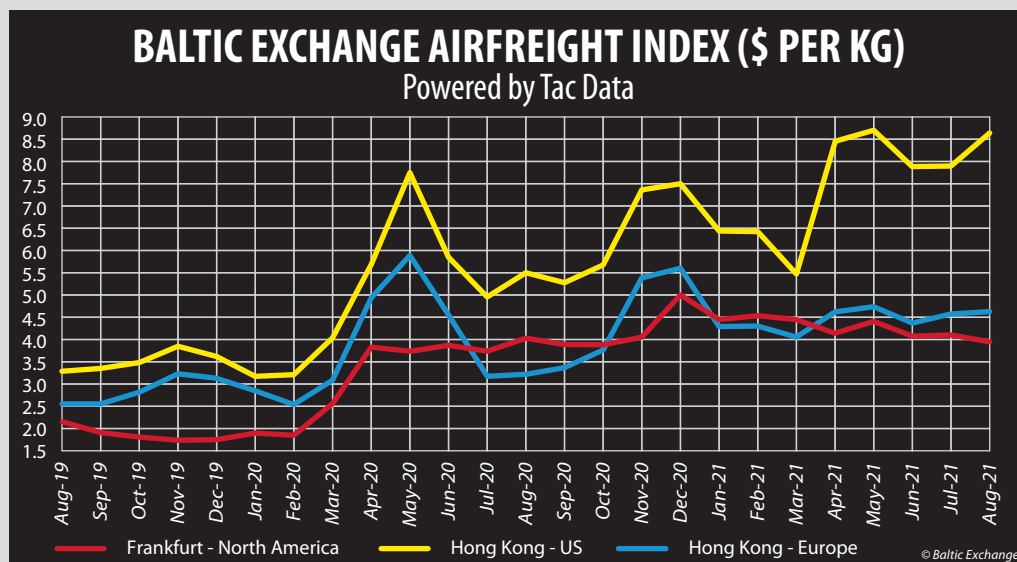
Prices from Hong Kong to Europe were also on the rise during the month, although more along usual lines for the time of year, increasing by 1.1%

on July to \$4.63 per kg.

On services from Frankfurt to North America rate levels continued to weaken after a spike at the end of 2020 and in

the first few months of 2021.

In August, rates on the route were down 3.9% on July at \$3.94 per kg and were 2% down on last year.



AIRPORT THROUGHPUT

Hub volume figures confirm recovery

Airports continued to see their cargo volumes recover in July, with many major hubs beating their 2019 performance.

The world's largest international cargo hub, Hong Kong, saw its cargo volumes in July increase by 12.4% compared with a year ago to 419,000 tonnes. Compared with July 2019 volumes are up 4.5%.

Over the first seven months,

cargo volumes at Hong Kong improved by 12% on 2020.

In Europe, Frankfurt and Schiphol also managed to beat their 2019 performance in July.

Frankfurt saw its cargo volumes for the month increase by 30.8% year on year, while compared with July 2019 there was a 9.6% improvement.

The German hub said the improvement came despite the

lack of recovery in bellyhold volumes.

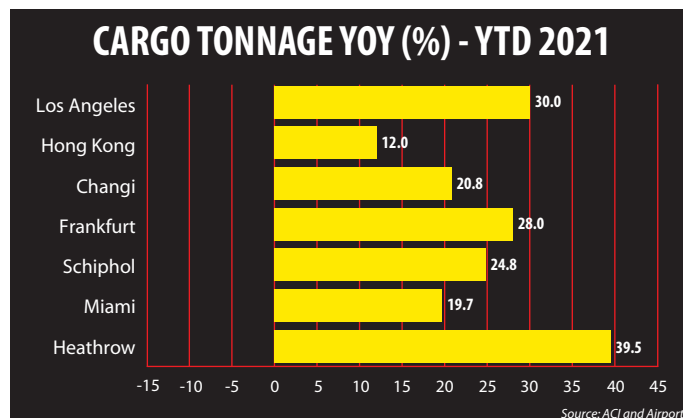
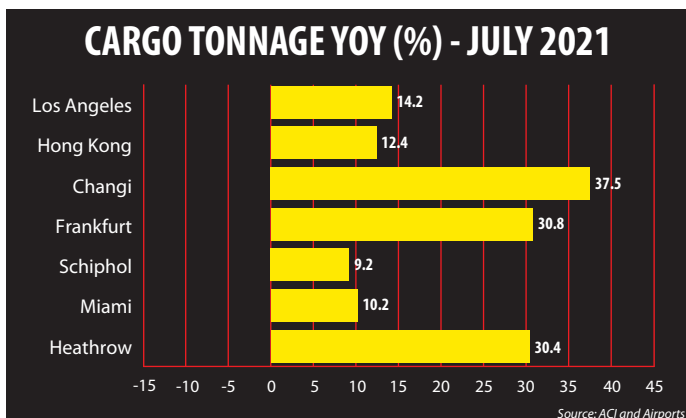
At Schiphol, cargo volumes in July increased by 9.2% compared with a year earlier, while they are up 1.1% on 2019 levels.

Heathrow did not perform quite so well. While its volumes in July were up by 30.4% compared with a year ago, they continued to lag 11% behind the same month in 2019.

In North America, Miami and Los Angeles continued to benefit from a consolidation of cargo volumes at fewer hubs as a result of the pandemic.

Los Angeles International saw its cargo volumes increase by 14.2% during the month.

Miami recorded a 10.2% year-on-year increase in July, while volumes for the month were 22.9% up on two years earlier.



CONTAINER SHIPPING

Rates rise may level off

The container shipping industry has continued to lurch from crisis to crisis, with rates on key trade lanes reaching new highs.

Most recently the industry has been hit with container terminal shutdowns at key ports in China and elsewhere as a result of Covid-19 outbreaks.

This was followed up by storm season, with Hurricane Ida affecting supply chains in North America and then Typhoon Chanthu hitting Asia.

However, ahead of the peak season there are some signs that container shipping rates could be beginning to plateau.

Judah Levine, head of research at rate portal Freightos, said that prices had climbed for 15 months in a row.

Its figures show that rates from Asia to the US west coast breached \$20,000 per 40ft equivalent unit (FEU) in mid-September — 453% higher than the same time last year.

From Asia to the US east coast, prices stood at more than \$22,100 per FEU, more than 390% higher than a year ago.

However, shipping line CMA CGM in September said it would halt any further spot rate increase until February. Hapag-Lloyd has also announced a cap on spot rates.

Levine said: “The reprieve, though welcome, was met with scepticism from many in the industry that — with rates still sky-high and the cap applied only to base rates and not to surcharges and premiums, which could still increase — the

announcement may be more for PR than anything else.

“With peak season in full swing, the latest (US) National Retail Federation (NRF) estimates had August’s US ocean imports 16% higher than in August 2019, with September not far behind.

“Other observers now do not expect any significant easing of demand (or rates) until summer 2022.

“Supply chain backups are also leading some small manufacturers in China to decline new orders as they struggle to ship finished goods and pay for raw materials.”

The impact of Typhoon Chanthu is also expected to take some time to clear through.

The underlying issues — port congestion, capacity constraints

and equipment shortages — that have been affecting the market so far this year also remain.

“We are seeing issues ranging from port closures in Asia to ships lined up waiting to dock at US ports,” said NRF vice president for supply chain and customs policy Jonathan Gold.

“The [Biden] administration’s recent appointment of a supply chain task force and a port envoy are major steps forward, and we look forward to working with officials to find solutions.”

In response to the ocean supply chain issues, UK retailer John Lewis took the extraordinary step of chartering in its own containership capacity to make sure goods are imported in time for the Christmas holiday. Large US retailers have reportedly taken similar steps.

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The graphic features a collage of newsletter content including headlines like 'Hactl world class cargo handling', 'TOP STORIES' with articles on Cathay Pacific shares, US home drone delivery, and Kushner/Hagel reveals Q3 figures. It also includes a 'MORE NEWS' section with various industry updates and a 'FEATURES & INTERVIEWS' section with photos of industry figures.

PEOPLE

IAG Cargo promotes Dobie

Pat Dobie

IAG Cargo has promoted Pat Dobie to the role of chief customer and infrastructure officer.

Dobie has more than 30 years of experience in the logistics and aviation sector and first joined IAG Cargo in 2017.



Cerone joins Cargojet as SVP

Vito Cerone

Cargojet has appointed Vito Cerone as senior vice president, international.

Cerone was previously vice president, cargo sales and commercial strategy at Air Canada.

Before moving to cargo, Cerone spent 12 years in various commercial roles with the passenger segment of Air Canada.

ECS promotes Thominet

Adrien Thominet

GSSA ECS Group has promoted Adrien Thominet from chief executive to executive chairman.

Thominet, who has worked at ECS for more than 25 years, was previously chief operating officer.



Avianca adds new cargo head

Gabriel Oliva

Avianca Holdings has appointed Gabriel Oliva as executive vice president and head of its cargo unit.

Oliva will also oversee Deprisa — Avianca’s last-mile delivery business — alongside Susana Argueta.



QUOTE OF THE ISSUE

“We are certainly trying to make sure we maximise the short-term **opportunity** for cargo, but more importantly to use it as a **springboard** for the future”

Rob Walpole, Delta Cargo

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