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Quarterly

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Autumn 2022 | No. 899

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the leading forwarders

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MSC the latest to add an air cargo 'solution'

MEDITERRANEAN SHIPPING COMPANY (MSC) has become the latest shipping group to launch a cargo airline, following in the wake of Maersk and CMA CGM.

Atlas Air will operate four new Boeing 777-200 freighters on a global ACMI basis for MSC's newly launched cargo airline.

The ocean container giant said it had decided to launch the "solution" in response to customer demand and as a "complementary service to its container shipping solutions".

Atlas Air said that the first B777F will be delivered in the fourth quarter of 2022 to MSC Air Cargo, the airfreight arm of MSC.

Atlas' order of these four aircraft was announced in January 2022.

Soren Toft, chief executive, MSC, said: "This strategic partnership with Atlas Air is our first step into this market and we plan to continue exploring various avenues to develop air cargo in a way that complements our core business of container shipping."

"Atlas Air's fleet of B777 freighter aircraft is well-suited to support our entry into air cargo and this strategic initiative will ensure we meet the cargo requirements of our customers."

MSC Air Cargo has been under development for several months and the service will be available from early 2023, following delivery of the first MSC-branded B777F.

MSC has appointed Jannie Davel, formerly of Delta Cargo, Emirates SkyCargo and DHL, to develop its air cargo business and to build the team that will implement it.



Container carrier MSC's entry into the air cargo sector follows a trend started by Maersk and CMA CGM

Photo: Shutterstock

The move by shipping firms to enter the air cargo sector comes as the container shipping industry has been enjoying sky high prices, leaving companies cash rich.

Meanwhile, shippers are looking for supply chain stability after a few years of disruption, and shipping lines hope to be able to offer a more complete service by expanding into forwarding and air cargo.



Image: MSC

Atlas Air will operate four B777-200 freighters for MSC Air Cargo, with the service due to begin early next year

Cargolux firms up order for B777-8Fs

CARGOLUX HAS FINALISED an order of 10 Boeing B777-8F freighters and options for six more as it looks to replace its older four-engined aircraft.

The airline initially indicated its intention to place an order for Boeing's latest freighter at the Farnborough Airshow to replace its aging B747-400F aircraft.

Cargolux chief executive Richard Forson said: "The agree-

ment we signed today will consolidate Cargolux's position as a global leader of airfreight services.

"Replacing our aging fleet of B747-400Fs with the latest technology and fuel-efficient B777-8 freighter model will contribute to our long-term sustainability programme while continuing to offer our customers the tailored service they expect."

The airline currently operates 16 B747-400Fs as well as 14 B747-8Fs.

Stan Deal, president and chief executive of Boeing Commercial Airplanes, said: "With its purchase of our newest freighter, Cargolux has invested in a sustainable future as the B777-8 freighter will significantly reduce CO2 emissions compared to the airplanes it is replacing."

EDITOR'S COMMENT

Damian Brett



Looking for the positives

THE LAST TEN months have been difficult for the air cargo industry. The demand growth that propped up the sector last year has ebbed away as the cost of living crisis bites, seafreight continues to recover and the war in Ukraine affects markets and capacity.

Meanwhile, e-commerce growth has slowed, reflected in FedEx cuts (p8) and Amazon Air slowing down its expansion (p10).

However, there are reasons to be positive. Firstly, it should be noted that 2021 was a bounce-back year and it is often the case that the market settles down in the following 12-month period, causing year-on-year comparisons to suffer.

Next year, market sentiment should return to more positive territory as those same comparisons become more favourable.

And e-commerce was always going to face a slowdown as shops reopened and consumers became less reliant on online purchases.

Secondly, while rates have been declining they remain far above pre-Covid levels, supporting profitability.

On Hong Kong-North America services, for example, average prices for the month of September stood at \$7.94 per kg, far above the \$3.44 registered for the same month in 2019.

DHL GROWS E-COMMERCE

DHL Supply Chain has acquired a majority stake in Dutch e-commerce specialist Monta. Both companies are aiming for a strong partnership to serve small and mid-sized “webshops” in e-fulfilment and online sales.

SGL ACQUISITION DRIVE

Scan Global Logistics (SGL) has acquired automotive logistics specialist AFL International Logistics, which operates between the European Union and the US, and its US sister company American Freight Line. The purchase is SGL's ninth in 2022.

SWISS FORWARDING ARM

Hellmann Worldwide Logistics and partner ATS-Hellmann Worldwide Logistics will transfer their air and sea freight activities in Switzerland to Hellmann through the creation of its own Swiss national company.

UPS HEALTHCARE MOVE

UPS plans to acquire healthcare logistics provider Bomi Group to expand its temperature-controlled facilities. The deal will add facilities in 14 countries – measuring 390,000 sq m – and nearly 3,000 employees.

CEVA BUYS SPEDAG

CMA CGM-owned CEVA Logistics has acquired forwarder Spedag Interfreight. Spedag has offices in several east African countries and specialises in energy and infrastructure, aid and relief, oil and gas, and commodities.

DB Schenker sale to fund investment in rail

THE GERMAN FEDERAL

government and Deutsche Bahn have agreed to sell the state-owned rail operator's freight forwarding subsidiary DB Schenker, according to news agency Reuters.

Quoting sources at both Deutsche Bahn and the government, Reuters said that the sale would be approved as early as this year.

The deal could then take place in 2024, although there is no time pressure.

The company, which is ranked fourth globally in terms of airfreight volumes, is valued at around €12bn to €20bn, the report said.

A direct sale and an initial public offering are being considered.

Air Cargo News' sister title DVZ said the money raised from the sale would be used for rail infrastructure investment.

“The time horizon is 2024,” DVZ said. “This is also the year in which comprehensive renovation of the high-performance network is to begin.”

“This will need funds that exceed previous requirements, as investment will be made not only to maintain but also to improve performance.”



Photo: Shutterstock

The sale of DB Schenker could be approved before the end of the year

The sale of DB Schenker has been under consideration for many years as Deutsche Bahn looks to reduce debt.

In August last year, reports suggested that DSV could be interested in buying the company, should it be put up for sale.

DB Schenker posted a strong set of results for the half year, which makes it attractive to both potential investors and also to the wider Deutsche Bahn group.

The company reported a 35.8% year-on-year increase in total sales to €14.2bn in the first half and earnings before interest and tax (ebit) improved by 91.3% to €1.2bn, making it the strongest performing division in the Deutsche Bahn (DB) Group.

These improvements came despite the forwarder registering a 5.4% drop off in first-half airfreight volumes to 673,300 tonnes and a decline of 3.4% in ocean freight volumes to 966,200 TEU.

SATS purchases WFS in €2.25bn deal

SINGAPORE-BASED HANDLER

SATS has agreed to buy Worldwide Flight Services (WFS) from an affiliate of asset investor Cerberus Capital Management in a deal with an enterprise value of €2.25bn.

WFS is the world's largest air cargo handler with operations in the Americas and Europe, while SATS is a provider of aviation services in Asia.

A joint statement from the two companies said that customers will benefit from the combined platform's “broader suite of services, operational best practices, and integrated technology”.

The transaction is expected to close on March 31 2023, after which WFS will become a wholly owned subsidiary of SATS. The WFS management

team will continue to lead the business.

Paris-headquartered WFS, with annual revenues of €1.8bn, has more than 30,000 employees serving over 300 customers at 164 airports in 18 countries on five continents.

SATS has customers in over 60 locations and 14 countries across Asia Pacific, the UK, and the Middle East.



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PILLAR 1



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United and Emirates in cargo MoU

EMIRATES SKYCARGO AND United Cargo have signed a Memorandum of Understanding (MoU) to expand cargo interline and block space agreements, pending regulatory approvals.

Signed at the IATA World Cargo Symposium (WCS), the MoU will build on existing arrangements and offer customers access to more capacity on a larger combined global network.

United Cargo will have access to Emirates SkyCargo's network through the bellyhold of passenger flights to over 100 global destinations and 11 B777 freighters.

Emirates SkyCargo will have access to over 200 cities in the US and 300 cities across five continents through United Cargo.

Nabil Sultan, Emirates divisional senior vice president, cargo, said: "Emirates SkyCargo is committed to being the leading player in the global air cargo industry, providing our customers with the highest standards of products and services."

"Co-operating with United, which is a leading airline in its own right with strengths and a network that are complementary to our own, will allow us to add value for our customers and help them reach new markets more speedily."

Jan Krems, president, United Cargo, added: "United is pleased to work with Emirates SkyCargo on this MoU. As one of the leading carriers worldwide, Emirates SkyCargo is an important player in the industry, and our supplementary capabilities allow us to provide new service offerings to our customers worldwide."

He added: "We share a common commitment to providing industry-leading solutions for our customers and we look forward to working together in the future."

Big revenue shortfalls prompt cuts at FedEx

FEDEX HAS ANNOUNCED a series of cuts after market volatility and volume declines resulted in revenues missing expectations.

While revenue figures for the quarter ending August 31 were up on last year, the company said they fell below forecasts and that this shortfall meant it needed to take action.

To tackle reduced demand in fiscal 2023, FedEx said it would undertake cost reduction initiatives including cancellation of certain planned network capacity and other projects; reducing flight frequencies and temporarily parking aircraft; closure of over 90 FedEx office locations; and deferral of staff hiring, among other actions.

FedEx Express results were particularly impacted by macro-economic weakness in Asia and service challenges in Europe, leading to a revenue shortfall in this segment of approximately \$500m relative to company forecasts.

FedEx Ground revenue was approximately \$300m below company forecasts.

The company reported fiscal 2023 first-quarter revenue of \$23.2bn, slightly higher than fiscal 2022's first-quarter results of \$22bn.



Reduced flight frequencies are among the measures FedEx has announced

"First quarter results were adversely impacted by global volume softness that accelerated in the final weeks of the quarter," said FedEx in a press release.

FedEx president and chief executive Raj Subramaniam commented: "Global volumes declined as macroeconomic trends significantly worsened later in the quarter, both internationally and in the US."

"We are swiftly addressing these headwinds, but given the speed at which conditions shifted, first quarter results are below our expectations."

"While this performance is disappointing, we are aggressively accelerating cost reduc-

tion efforts and evaluating additional measures to enhance productivity, reduce variable costs, and implement structural cost-reduction initiatives."

He added: "We're moving with speed and agility to navigate a difficult operating environment, pulling cost, commercial, and capacity levers to adjust to the impacts of reduced demand."

FedEx Express revenue for the first quarter stood at \$11.1bn, compared with \$11bn for the first quarter of fiscal 2022.

FedEx Ground revenue during the period was \$8.2bn compared to \$7.7bn and FedEx Freight revenue was \$2.7bn, compared to \$2.3bn.

LATAM Cargo given CEIV certification

LATAM CARGO IS the world's first airline to receive IATA's Center of Excellence for Independent Validators (CEIV) Lithium Battery certification.

CEIV Lithium Battery aims to improve safety in the handling and transport of lithium batteries throughout the supply chain.

Andrés Bianchi, chief executive of LATAM Cargo, said: "We are proud to be the first airline in

the world to obtain IATA's CEIV Lithium Battery certification, which proves our commitment to transporting a critical commodity both safely and reliably."

"We hope that more players in the industry can become accredited in order to support the safe transportation of a product that is key to air cargo growth."

Frederic Leger, IATA senior vice president for commercial products and services, added: "Increasing the number of CEIV Lithium Battery certified stakeholders along the value chain will lead to a safer industry and a higher recognition of this certification."

"Ultimately, we all want to see the entire supply chain CEIV Lithium Battery certified."

In its **Freight Service Awards 2021**, the British International Freight Association recognised **Kerry Logistics (UK)** as the 'best in industry' for the **Air Cargo Services** category.

Kerry Logistics thinks outside the box

KERRY
LOGISTICS



Among the aircraft that Kerry used to keep goods moving during the pandemic was the Antonov AN-124

Kerry Logistics won the BIFA Air Cargo Services Award for its performance throughout the COVID pandemic during which, using various aircraft, it moved over 1 million tonnes of cargo from Asia to the UK and launched a new trans-Pacific air freight service and an air-sea service via South Korea.

David Mallinson, director of airfreight at Kerry Logistics (UK), pointed out: "We moved shipments of hand sanitiser as well as a great deal of distressed ocean freight, which included anything and everything, and were also still moving perishables to China and Hong Kong in record volumes."

Kerry was fortunate that the pandemic played out as it did in the Far East – its home market, where the company's strong experience base was a big factor in its success.

"In our air freight departments we have people from an airline background who know how airlines work, and people from the charter market who understand how to get the best out of different aircraft in terms of loadability," Mallinson said. "For instance, with a passenger-to-freighter configuration, the initial cost was higher but we realised that by bringing inventory and volumes forward we could give a better performance at a lower cost than other options."

It was difficult to source aircraft during the pandemic, of course, making an understanding of how to make the most of any capacity all the more important.

Unprecedented

"Another success was that our sea-air service was probably as effective as waiting for conventional air freight space," Mallinson went on. "We stole a march there – before things got really difficult at Jebel Ali, for instance, we had smooth ocean departures and 24- or 48-hour turnarounds at our facilities in Dubai and into the UK.

"We had to find what would be off-the-wall solutions under normal circumstances.

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"For instance, when Heathrow was really struggling with queue times and handling issues we were able to use some of the UK's strong regional locations and had fantastic service at Prestwick and Doncaster.

"From our operatives' point of view, they are looking to the future with more confidence and belief since the pandemic. They execute their tasks with more assurance that there are people in the business that they can lean on for advice, which increases their confidence in their decision-making process; they can think outside the box safe in the knowledge that nothing is unprecedented anymore."

Lathelize takes reins at CMA CGM

CMA CGM AIR Cargo is under new leadership as its growth plans gather pace.

Guillaume Lathelize has taken over from Olivier Casanova as chief executive.

Lathelize's background is in shipping, most recently holding the position of vice president global commercial at CMA CGM.

Prior to that, he was vice president for shortsea lines and before that vice president north-south lines.

In total, he has worked for the CMA CGM Group for more than 15 years.

Casanova held the role of chief executive for just over a year and will return to his previous position as deputy chief financial officer at CMA CGM.

Launched in March 2021, CMA CGM Air Cargo received its air carrier certificate from the French Civil Aviation Authority on June 1 this year.

The airline, which added its second Boeing B777F in June, plans to operate a fleet of at least 12 freighters by 2026.

These aircraft include four Airbus 330-200Fs, which are currently in operation; two new Boeing 777Fs that are also now in operation; an additional two new B777Fs that have been ordered and are scheduled to enter the fleet in 2024; and four new A350Fs which are set to join the fleet between 2025 and 2026.

In May, CMA CGM signed a 10-year exclusive partnership with Air France KLM Martinair Cargo that will see the firms combine their current fleets of 12 full-freighter aircraft as well as the 10 freighters they have on order.

CMA CGM is also planning to purchase a 9% stake in Air France-KLM Group.

Airbus and Boeing see strong freighter future

AIRBUS AND BOEING have both predicted positive freighter outlooks for the next 20 years.

Over the next two decades, the global freighter fleet will grow by 80%, with conversions accounting for two thirds of deliveries, predicts Boeing.

Carriers will need 2,800 additional freighters overall, said the airframer in its Commercial Market Outlook (CMO) for 2022-2041.

The expected 2,800 freighters include 940 new widebody models in addition to converted narrowbody and widebody freighters over the forecast period, said Boeing.

In the standard body segment, the fleet is projected to grow by 90% over 2021 levels, with a projected 1,300 conversions.

The Asia Pacific freighter fleet is forecast to grow more than that of any other region and is expected to roughly equal the size of the North American fleet by the end of the forecast period, said Boeing.

In comparison, the North American fleet is projected to grow by one third.

Meanwhile, Airbus expects sustained demand for freighters over the next 20 years with nearly 70% of the current fleet anticipated to be replaced.



Photo: Boeing

Boeing predicts carriers will need 2,800 more freighters in the next 20 years

The airframer's 2022 Global Market Forecast for the 2022-2041 period predicts that the world freighter fleet in service will reach 3,070 aircraft by 2041.

The report anticipates there will be demand for 2,440 newbuild or converted freighters over the next 20 years, with nearly 900 newbuild freighters expected.

Of this expected freighter demand over 2022-2041, 990 units will be 10-40 tonne single-aisle aircraft, 890 will be 40-80

tonne mid-sized widebody aircraft and 560 will be 80-plus tonne large widebody aircraft.

In total, 2,030 aircraft were in service at the beginning of 2020. 31% will stay in service (including 2020 and 2021 deliveries), while 69% will be replaced, said Airbus.

Express air cargo services, e-commerce and development of global supply chains are expected to further fuel the freighter market, said the companies.

Amazon Air expansion in slowdown

AMAZON AIR HAS "greatly reduced" its overall rate of expansion since March in response to a slowdown in e-commerce sales figures, according to research by the Chaddick Institute of Metropolitan Development at DePaul University in Chicago.

Total Amazon Air flight activity grew by 3.8% between August 2021 and March 2022,

compared to a 14.3% increase during the previous six months, showed the research.

"The slowdown reflects Amazon's move to slow the rate of facility expansion, the flattening trajectory of online sales, and softer demand for air cargo services in general," stated the institute.

The "reported size of Amazon Air's fleet remained at 87 to 88

planes for most of the period from March to September".

Amazon Air grew from 187 flights per day in March 2022 to 194 flights in September. Growth over the past year has been around 18.4%.

The institute said seven to nine planes could be added by March 2023, but it no longer expects the fleet to surpass 100 by the end of this year.



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JD Airlines plans for expansion

JD AIRLINES HAS received an air carrier certificate from the Civil Aviation Administration of China (CAAC) and hopes to expand internationally over the coming years.

The JD Logistics-affiliated airline's principal base will be Nantong Xingdong International Airport.

It will first develop its domestic air cargo services around China's three major economic circles of the Yangtze River Delta, the Bohai Sea and the Pearl River Delta, with a focus on the cities of Nantong, Beijing, Shenzhen and Wuxi.

The carrier then plans to extend its network to cities in the middle reaches of the Yangtze River, followed by Chengdu and Chongqing. It aims to gradually cover major

cities throughout China and across Southeast Asia, Japan and Korea.

By the end of 2025, it hopes to reach as far as Europe, the Middle East and North America.

The airline said it would serve the clients of JD Logistics, as well as opening up its capacity to the wider market.

Until now, JD Logistics, which is the logistics arm of e-commerce giant JD.com, has been partnering with airlines on its cargo services.

"JD Logistics began developing its air cargo business with airline companies in 2017," the company said. "The establishment of JD Airlines will facilitate JD Logistics building a more flexible, stable and controllable supply chain ability."



Photo: JD Logistics

JD Airlines has two B737-800 freighters in its fleet, according to airfleets.net

"JD Airlines aims to improve the industry standards for air express service, and has already achieved a coverage rate of more than 95% for its air express delivery service among multiple cities in China."

The company did not disclose the make-up of its fleet, although

it did say that the aircraft would be able to carry around 23 tonnes per flight.

However, an image supplied by JD.Com shows a B737-800 freighter in the JD Airlines livery (above) and airfleets.net lists two of the model as operating for JD Airlines.

Turkish Cargo gets smart with new range of services

TURKISH CARGO HAS unveiled three new shipment services to offer cost savings and flexibility to its customers.

TK SMART has been developed for general cargo transportation and offers a "cost-effective" option for cargo without weight or size limitations.

TK PREMIUM has been designed for critical shipments; shipments requiring a short journey time; shipments with a short latest acceptance time; and to provide minimum connections and fast delivery.

Shipments within the scope of TK PREMIUM are trans-

ported as flown as booked (FAB) to save time. The service also offers a capacity guarantee and high priority in operational processes for shipments up to 300 kg on freighters.

TK URGENT offers the fastest solution for urgent shipments and provides the opportunity to transport with capacity guarantee, minimum connections and the shortest possible journey time.

Shipments with TK URGENT service will be carried as FAB and with a 100% money-back guarantee under certain terms and conditions.

The dedicated "TK URGENT Team" is accessible on a 24/7 basis and provides follow up from booking to the after-sale process.

Daniel Lloyd Johnson, senior vice president cargo product and customer experience at Turkish Airlines, told *Air Cargo News* that the three services were launched to respond to the varying needs of its customers.

"Our customers work across all supply chains, moving a huge variety of different commodities and products all over the world, and each of these has a unique set of requirements."

Johnson added that the new services were in part made possible by the opening of Turkish Cargo's new hub at Istanbul Airport, SMARTIST.

The hub currently has a handling capacity of 2m tons per year, but this can be expanded to 4m tons when a second phase of the development is added.

The facility is equipped with augmented reality, automatic storage systems, robotic process

automation and unmanned ground vehicles.

Johnson said the technology used in the new hub will allow the airline to provide increased visibility and tracking, while also speeding up the processing of shipments.

The investment in the new services comes as the carrier has reported rapid growth in cargo volumes over recent years on the back of fleet and network expansion.

It now operates 388 aircraft, of which 20 are freighters, to more than 340 destinations.

Last year, the operator became the largest European air cargo carrier, with IATA figures showing that its volumes increased 32.2% year on year to 9.2bn cargo tonne kms.

Globally, Turkish Cargo is now the fifth largest air cargo carrier in the world, according to the IATA statistics.

Johnson pointed out that during the last five years, Turkish Cargo's market share has increased to 5% from 2.6%.

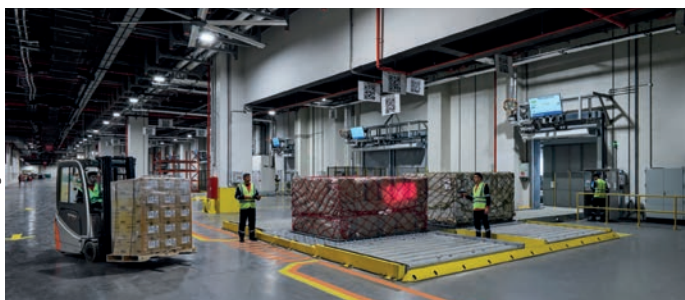


Photo: Turkish Cargo

Turkish Cargo's SMARTIST hub has capacity to handle 2m tons per year



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BBAM ORDERS MORE B737-800BCFs

Lessor BBAM has ordered nine more B737-800 converted freighters from Boeing. The latest order brings BBAM's total B737-800BCFs to 40.

AMERIJET OPERATES MAERSK NEWBUILDS

Maersk Air Cargo's three newbuild Boeing B767-300Fs will be operated by Amerijet on a US-China route from this autumn. Maersk has also leased three B767-300Fs that will be operational next year through ATSG's Cargo Aircraft Management.

ETIHAD CONFIRMS A350F ORDER

Etihad Airways has firmed up its order with Airbus for seven A350F freighters. The UAE-based carrier has also firmed up a long-term agreement for Airbus' Flight Hour Services (FHS) to support its A350 fleet.

EMBRAER P2FS FOR ASTRAL AVIATION

Aircraft leasing company Nordic Aviation Capital (NAC) has agreed a memorandum of understanding to place the first two Embraer E190F passenger-to-freighter (P2F) conversions with Kenya-based cargo airline Astral Aviation.

SECOND LUFTHANSA CARGO A321F

Lufthansa Cargo was due to add a second Airbus A321F freighter as *Air Cargo News* went to press under plans to grow its intra-European network, launched in March. Both aircraft will be operated by Lufthansa CityLine.

First A320P2F aircraft redelivered to Vaayu

ST ENGINEERING AND Elbe Flugzeugwerke (EFW) have redelivered the first Airbus A320 Passenger-to-Freighter (P2F) conversion to launch customer, Vaayu Group.

The A320P2F will enter into service for new cargo airline and sub-lessee of Vaayu, Pradhana Air Express.

This A320P2F aircraft is owned by the aviation asset management business of ST Engineering, and is the first of several converted freighters that will be leased to Vaayu.

The redelivery of the A320P2F completes the Airbus P2F family of aircraft developed jointly by ST Engineering, Airbus and EFW.

It joins the other already operational Airbus P2F platforms, the A330-300P2F, A330-200P2F and A321P2F, which were first redelivered in 2017, 2018 and 2020 respectively.

"With this redelivery, our Airbus P2F family of narrow-body and widebody freighters is finally complete," said Jordi Boto, chief executive of EFW.

"This comes at a ripe time as demand for converted freighters continues to surge.



Photo: EFW

A320P2F will enter service with Vaayu sub-lessee Pradhana Air Express

"Our full suite of Airbus P2F solutions will serve to meet the current gap and future growth of the airfreight market, while offering excellent choices and benefits to airlines looking to grow a diverse fleet of freighter aircraft with operating commonality."

In March, EFW received the Supplemental Type Certification (STC) from the European Union Aviation Safety Agency (EASA) for the A320P2F.

In December 2021, the A320P2F completed its first test flight.

The A320P2F can accommodate up to 10 [ULD] containers and one pallet position in the maindeck, and seven container positions in the lower deck. It has a gross payload of up to 21 tonnes at a maximum range of 1,850 nm.

To meet the rising demand for freighter conversions, ST Engineering and EFW have set up new conversion sites in China and the US this year, and plan to ramp up conversion capacity for all their Airbus P2F programmes to over 60 slots per year by 2024.

Hundredth B737-800BCF delivered

BOEING HAS DELIVERED its 100th contracted B737-800 Boeing Converted Freighter (BCF), which will serve the fast-growing e-commerce market.

Lessor AerCap took delivery of the aircraft, which was converted at Boeing Shanghai Aviation Services Co (BSAS), home to the first B737-800BCF conversion line.

AerCap Cargo has leased the aircraft to GOL Linhas Aéreas, which will operate the freighter for a Latin American e-commerce company.



Photo: Boeing

"We are delighted to be a part of this significant milestone with our partners at Boeing," said Rich Greener, head of AerCap Cargo.

In 2016, AerCap Cargo was the launch customer for Boeing's

B737-800BCF programme.

Today, AerCap Cargo has the largest fleet of B737-800BCFs, with 65 firm orders and nine options.

Since the programme launch, BSAS has added a second conversion line for the B737-800BCF.

It is now one of five sites in three countries with B737-800BCF conversion capacity.

There are more than 250 orders and commitments from over 20 customers for the B737-800BCF.

Helicopter lift proves Beluga loading system

AIRBUS IS EXPANDING its outsized air cargo capabilities with a new loading system for the Beluga A300-600ST aircraft for military cargo.

The total lifting capacity of the Airbus Defence and Space-developed loading system to move outsized military cargo into the A300-600ST reaches 35 tonnes.

Airbus successfully tested the capability of the loading system, which requires no crane in use and can be relocated to the aircraft's destination, during a verification exercise with the German armed forces, the system's first customer.

The exercise involved loading a CH53 military medium-lift helicopter into the Beluga.

"The demand for outsized air cargo capability is on the rise. Capacity is scarce and, in light of current geopolitical developments, many customers are looking for new, fast and efficient solutions. This is exactly what we offer with our BelugaST fleet," said Michael Schoellhorn, chief executive of Airbus Defence and Space.

"Our teams have been working on a remarkable solution to facilitate a speedy, efficient and



Photo: Airbus Defence and Space GmbH

Airbus system allows CH53 to be prepared and loaded in under 1.5 hours

autonomous handling to load heavy military cargo onto the aircraft.

"Speed, agility and autonomy are crucial elements for our customers when it comes to such operations."

The system allows arrangements for the loading of a CH53 in a reduced state of dismantling to be completed within less than 1.5 hours, while the actual loading process into the Beluga aircraft can be accomplished in about an hour.

This self-funded cargo load-

ing system and jig were developed and manufactured in 1.5 years.

Prior to announcing plans to offer the services of its existing BelugaST fleet earlier this year, the fleet of five aircraft was solely used for the transport of large aircraft sections between various Airbus sites as part of the company's production system.

The BelugaST fleet is being replaced by six new BelugaXLs based on the larger A330-200 platform.

DHL abuzz after Alice's maiden trip

THE FIRST-EVER FULLY electric commuter plane, 'Alice', built by Eviation Aircraft, has completed its maiden flight as part of the DHL Express programme for 12 e-cargo aircraft to electrify its global aviation network.

Alice lifted off from Grant County International Airport (MWH) in the US, flying for a total of eight minutes and reaching an altitude of around 3,500 ft before landing at Moses Lake, Washington.

John Pearson, chief executive, DHL Express, said: "Our compliments to Eviation on the successful first flight of Alice."

"Completing its maiden flight confirms our belief that the era of sustainable aviation is here."

"With our order of 12 Alice e-cargo planes, we are investing towards our overall goal of net-zero emissions logistics," added Pearson.

"Alice's range and capacity make it a unique sustainable solution for our global aviation network, supporting our aspiration to make a substantial contribution in reducing our carbon footprint and ultimately, achieving net-zero emissions by 2050."



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Green focus dominates

This year's Farnborough International Airshow was dominated by environmental issues, but in terms of air cargo it was a bit of a damp squib, as [Roger Hailey](#) reports

It was a hot and humid start to the Farnborough International Airshow (FIA), but the UK's baking sun did little to set the freighter orderbooks alight.

It was very different to the last time the FIA took place, four years ago in the boom period that was 2018, only for the Covid pandemic to force the cancellation of the 2020 event.

This year there was no repeat of the 2018 cargo village, despite surging demand for Boeing and Airbus' next generation production line freighters and a passenger to freighter (P2F) conversion market in full thrust.

Green issues took centre stage at the event, with Sustainable Aviation Fuel (SAF) and other future technologies, such as electric and hydrogen, the focus of the wonderfully air-conditioned Aerospace Global Forum (AGF). It was opened by the Prince of Wales – now King Charles III – in a pre-recorded video that urged greater action by the aviation industry in targeting net-zero emissions.

The AGF was described as the Davos of aviation. Ironically, however, there were fewer private jets at Farnborough than at the Swiss meeting.

For air cargo, it was always going to be hard to match the freighter frenzy of FIA 2018 when GECAS placed an order for 35 B737-800 P2Fs. Other big-ticket items in 2018 included DHL's order for 14 B777Fs, while Volga-Dnepr and CargoLogicHoldings (how the times have changed) inked a deal for five B747-8Fs and 29 B777Fs.

This year Boeing notched up some orders for its B737-800BCF programme and gained "preferred replacement" status for its B777-8F programme from Cargolux. The European freighter giant is looking, over time, to replace its B747-400Fs.

No timeframe or numbers were

issued for any Cargolux orders, but it was still kudos for Boeing as the dogfight with Airbus' A350F heats up.

The B777-8F programme has already secured some sizeable orders, Qatar Airways leading the pack in January this year with a potential order for up to 50 of the new freighters.

Both the B777-8F and the A350F have yet to emerge off the production line, with 2027 their likely debuts.

However, there was some excitement around a small plastic model of the B777-8F at Farnborough.

The real thing, and its Airbus competitor, will no doubt



Cargolux used FIA2022 to accord Boeing's B777-8F 'preferred replacement' status



take starring roles at future Farnborough or Paris air shows.

Who knows? We may even see the return of the cargo village with gleaming freighters parked proudly on the tarmac.

Boom overlooked

There was surprise that so little was made of the current boom for freighters, either converted narrowbody P2Fs or existing and future production line fleets, at FIA2022; a curious omission, given the air cargo community's role in earning hard cash for passenger carriers during the lengthy Covid lockdown.

It set an industry recovery template, should further such viruses emerge.

They deserve a platform, those innovative airline freight executives, ground handlers and other stakeholders who improvised with passenger jets as makeshift cargo carriers, either on the upper deck or solely in the bellyhold.



This year's FIA saw Ethiopian Airlines signing up for Dash 8-400 Freighter – Large Cargo Door (F-LCD) conversion kits from Canadian airframer De Havilland

Farnborough also saw the launch of conversion options for smaller aircraft, such as the Embraer190, the ATR72-600, and Ethiopian Airlines signing up for Dash 8-400 Freighter – Large Cargo Door (F-LCD) conversion kits from Canadian airframer De Havilland.

Market forecasts

There was no shortage of bullish market forecasts for freighters, published just ahead of, or during the FIA. The big two airframers, Boeing and Airbus, were in broad agreement.

Airbus' Global Market Forecast (GMF) for 2022-2041 started the crystal ball rolling with predictions that demand for freighters will reach 2,440 additional aircraft, with nearly 900 of these being newbuilds.

Boeing's Commercial Market Outlook (CMO) to 2041 predicts that carriers will need 2,800 additional freighters overall, some 940 new widebody models

plus converted narrowbody and widebody freighters.

Both foresee e-commerce, boosted initially by Covid lockdown consumerism, to continue as the key driver of growth in airfreight volumes, outpacing general air cargo.

Not to be outdone, regional aircraft manufacturer ATR predicts that the global fleet of turboprop freighters will grow by 45%, increasing from 380 in 2021 to 550 in 2041.

The report cites the digital economy and e-commerce as important factors as the global fleet of smaller freighters expands an essential role in supporting regional communities.

There were a number of companies promoting the role of single-engine aircraft, either production line or quick-change conversions models, displaying their wares at FIA.

It is a reminder that while the larger freighters grab the headlines for long- and short-haul

routes, there is still a need for onward distribution not served by road feeder services.

Greener skies

Sustainability was a key theme of the air show, and to judge by the number of announcements related to longer term SAF provision and seed corn funding to promote other alternative fuels and propulsion technologies, the pressure for greener air cargo can only increase.

In its market forecast, Boeing said of the freighter market: "On the replacement side, more efficient airplanes will increase sustainability and further boost capacity, as today's conversions are larger than many of the airplanes being replaced. In the widebody segment, the fleet is forecast to grow by nearly 75%."

Both Airbus and Boeing are investing in sustainability. Airbus has joined the world's largest clean hydrogen infrastructure investment fund, Hy24, to

back credible, large-scale green hydrogen infrastructure projects worldwide.

Boeing and Alder Fuels are partnering to expedite the transition to renewable energy in aviation, and to grow the amount of SAF for the global aerospace market. Boeing aircraft will be used to test and qualify the SAF.

Lufthansa Cargo says it is on track with the goal of CO2-neutrality by 2050, while Bolloré Logistics and Air France KLM Martinair Cargo are expanding their sustainability partnership.

These are just two examples of similar commitments by pure freighter operators or combination carriers.

And while the global economy looks set for higher energy prices and inflationary pressures in the immediate future, there will still be a role for freighters, converted or new production line models when 'normality' eventually returns.



Photo: Shutterstock

Vienna import traffic 'strong and stable'

Austria's Vienna Airport saw belly cargo surge 80% in the first half of 2022, over like period 2021, as passenger flights returned to the airfreight hub serving the electronics and automotive industry clusters in central and eastern Europe (CEE).

Michael Zach, vice president sales and finance, ground handling and cargo operations at Vienna Airport, says: "When you look at the figures, we are roughly at the freight level of 2021 and around 9% below those of 2019."

In June this year, Vienna's inbound/outbound cargo volumes totalled 19,981 tonnes, down just 0.7% compared with 2021 and a decrease of 8.9% on pre-Covid year 2019.

Zach explains that export traffic is still below pre-Covid volumes at Vienna.

However, inbound airfreight, coming from Asia and going to the CEE, is performing well for the import-focused hub.

With belly cargo making a comeback at Vienna Airport, vice president Michael Zach tells **Roger Hailey** about pharma developments and future plans

"We see a strong and stable development for imports, where we remain above 2019's figures, but are still behind with exports."

Bellyhold returns

Korean Air is the largest freighter operator at Vienna, but other sizeable maindeck operators with scheduled operations include Asiana, Silk Way West and Cargolux.

Turkish Cargo, while not calling at present, is expected to restart in the winter schedule.

There are still freighter charters calling, emphasises Zach, but the return of scheduled bellyhold cargo has trimmed demand for ad hoc all-cargo flights.

Zach estimates that around 45% of cargo volumes at Vienna are on freighters, while bellyhold accounts for between 20% and 25%, with the remainder trucking business: "We have a good geographical location and a dense network with airline road feeder services, so we are well positioned."

Zach began his career at Flughafen Wien (Vienna Airport) in 2006. After several years in strategy development, he took over the management of various projects as assistant to the board.

He was appointed managing director of Vienna Aircraft Handling in summer 2016, and in 2018 took on his current role.

He made the point that Covid first hit exports out of Vienna, while the war in Ukraine and global inflationary pressures are now dampening inbound airfreight.

Despite all the external negative factors, Vienna is still at 2021 levels and has “a very stable development regarding freight, and we’re still ahead despite Covid, the European conflict and inflation”, says Zach.

He continues: “What we have seen now is a very strong comeback of belly cargo, up by 80%, mostly driven by Austrian and Lufthansa Cargo, but we have seen a slight decrease in freighter volumes, due mainly to reduced charter traffic.”

While e-commerce remains part of the general cargo handled by Vienna, Austria’s most important international airport is looking to grow its pharmaceuticals traffic for the CEE – its 1,800 sq m Vienna Airport Pharma Handling Centre (VPHC) is now handling temperature-controlled freight for Lufthansa Cargo.

Taking pharma online

As part of a co-operation, inbound and outbound pharma cargo on Lufthansa Group subsidiary Austrian Airlines aircraft now takes place at the VPHC, which operates its own GDP-certified competence centre for handling temperature-sensitive air cargo.

As part of the pharma focus, and aligned with its digitalisation ambitions, the airport partnered with Austrian tech company Net-Automation in an Internet of Things (IoT) project to enable real-time, shipment-based data sharing with pharma customers.

Zach says: “We installed 20 IoT modules, so-called net-bees, which are basically sensors, inside the pharma handling centre and four in the cool trailers.

“They collect data on the temperature, humidity, air pressure, CO2 and so on.

“This data is linked to our warehouse management system, and we now have software where we want to share real-time pharma shipment data with shippers, forwarding agents and the airlines.”

The project is concluding but the plan in the coming months is for the airport to provide an open API interface: “We want to go online with this data, especially in the pharmaceutical business where you need to take extra precautions about temperature deviations.

“If the customer has real-time information,

then they can be sure that everything is handled with the utmost care.”

Zach reports that the VPHC saw an approximate 150% growth rate in pharma tonnages in the first quarter of 2022 and the surge in volumes is expected to continue, serving a pharma cluster located around Vienna.

Important life science companies in Austria whose products are handled via the VPHC include Octapharma, Takeda, Fresenius, Novartis / Sandoz, Baxter, Boehringer Ingelheim and MSD Intervet.

Other customers are based in the surrounding CEE countries – mainly Croatia and the Czech Republic.

He adds: “Various human medicine products handled via the VPHC are plasma/albumin solutions, vaccine and surgical glues, as well as veterinary products.”

Vienna is ready for expansion, thanks to some infrastructure investment pre-Covid, which has continued despite the pandemic: “We extended our freight forwarding centre in 2020 and the pharma handling centre was opened in 2019.

“We extended and modernised the air cargo centre in 2017 and reconstructed new cargo aircraft parking positions.

“All that was done over three to eight years, and that is why I say we are well positioned for further growth at the cargo hub in Vienna. We

are well equipped and have the capacity to handle more cargo flights.”

External investment continues too. In May this year, Swissport opened an 8,000 sq m air cargo centre near Vienna Airport, its second such facility.

Located in the DLH SkyLog Park in Fischamend, the facility is connected with Swissport’s on-airport cargo centre by a dedicated electric cargo shuttle.


In 2021, Swissport handled around 70,000 tons of air cargo at Vienna Airport, where its capacity to support airlines and forwarders has now doubled.

Looking ahead

Zach’s appetite for new business continues:

“We do not have any congestion in the warehouses or in our trucking processes. Vienna is one of the few airports that has its own ground and cargo handling, with 1,400 employees.”

The airport also invested in cross-qualification training which means that people working at the ramp can also now work in handling cargo, for example in airfreight breakdown activities, and of course vice versa.

Zach proudly states: “We offer the freight forwarding agents quick turnaround processes and at Vienna we also have fast and reliable customs clearance with high-quality handling services from a single source.” 



‘What we have seen now is a very strong comeback of belly cargo... but we have seen a slight decrease in freighter volumes’

Michael Zach,
Vienna International Airport

A cargo convert

Elbe Flugzeugwerke (EFW) has seen an acceleration in demand for conversions since mid-2021, according to chief executive Jordi Boto.

In his first six months at the helm of the German aerospace manufacturer, Boto has faced an industry fraught with challenges as it emerges from the pandemic.

However, he says these challenges haven't hindered growth at Dresden-headquartered EFW.

Its order book is filled until 2026-7, and the company, a joint venture between Singapore-based ST Engineering and France-headquartered Airbus, had achieved orders worth around €1bn at the end of 2021.

EFW is busy delivering a steady stream of widebody Airbus A330-200 and A330-300 and narrowbody A321 passenger-to-freighter (P2F) conversions to customers and, just recently, the world's first narrowbody A320P2F.

On the previous A300/A310P2F Airbus conversion programmes, EFW delivered some 200 aircraft. Strong demand has been driven by several factors, says Boto.

"E-commerce habits have fuelled an appetite for speedy deliveries, and the pandemic accelerated airfreight volume increases, especially in the Pacific and Atlantic areas. Aircraft coming to the end of their lifespan is also leading to fleet renewal."

Additionally, he points out, there is room in the industry for healthy competition.

"The freighter conversion market has been

With rapid growth in demand for P2F conversions set against a shortage of people and raw materials, it's a good thing EFW chief executive **Jordi Boto** is up for a challenge. **Rebecca Jeffrey** gets the lowdown

traditionally dominated by Boeing, but many customers have the need for a two-player system and don't want to be in the hands of only one supplier."

January proved to be the start of a strong year for EFW as it delivered its first A330-200P2F. The aircraft went to lessor Altavair and was then leased to MasAir.

In April, lessor CDB Aviation took delivery of an A330-300P2F. The aircraft, converted in Dresden, is the first of two A330-300P2Fs leased to MasAir.

In September, MNG Airlines received its second A330P2F freighter in a delivery that also marked the completion of 20 A330-300P2F conversions by EFW.

The company has also been busy with the A321P2F conversion programme, following the first P2F of this type's entry into service in 2020.

In February this year, EFW delivered its third A321P2F to lessor BBAM for use by Lufthansa, while in December 2021, it delivered its third A321P2F to Qantas for use by Australia Post.

Titan Airways received two A321P2Fs in January 2021, on lease from BBAM. A third conversion was delivered this year and is directly owned by Titan, which has secured an additional two conversion slots.

Meanwhile, in March, EFW received Supplemental Type Certification (STC) from the European Union Aviation Safety Agency (EASA) for its head-of-version A320P2F aircraft, after its maiden test flight in Singapore.

In July, ST Engineering and EFW redelivered the first A320P2F aircraft to launch customer Vaayu Group, for operation by cargo airline and sub-lessee Vaayu Pradhaan Air Express.

Thriving order book

At the same time as deliveries, EFW has seen some lucrative orders. In February, CDB Aviation ordered 12 A330P2Fs, expanding its fleet of this type to 14 aircraft. This is in addition to an order in February for six A321P2Fs from SmartLynx Airlines.

Lessor Air Transport Services Group (ATSG) secured 29 A330P2F conversion slots in March, while Qantas ordered two A330P2F conversions in December, to be delivered from 2023.

EFW, which also has composite manufacturing, MRO and engineering divisions, deals with both lessors and operators, but it aims for long-term relationships regardless.

One of EFW's launch customers for the A330-300P2F in 2020 was DHL. "They see the added value of the product and the reach goes beyond the original order," says Boto.

Speaking about Titan following its investment in A321P2Fs, he adds: "Titan grew in the



programme with us, because they took the risk and see the benefits. We have a very dynamic approach to making sure that we continue to constantly develop the product on their behalf."

More capacity planned

With a clear industry hunger for freighters, EFW is keen to meet demand. "We are working on generating additional conversion capacity from 2024 onwards," says Boto.

To address this, the company is tackling a shortage of manpower.

"We have relocated people from other activities into P2F conversion work. We have increased our training programmes and adapted the structure," he explains.

EFW is also working with MRO partners to outsource some of its activities, which will reduce the waiting time for conversions.

"We aim to provide engineering skills and support to partners so they can perform additional conversions beyond our own facilities," Boto explains.

Building an extended operational global network with partner MROs is expected to be instrumental in connecting with and fulfilling orders for customers based in Asia and North America, where EFW is seeing strong demand.

EFW is currently finalising contracts for an A321 conversion line with a China-based MRO and aims to work with additional partners in the country.

The company is already working on A321 conversions in Singapore and China and is currently in the process of signing with another MRO in the Middle East.

It is also in discussions with US MROs for an A320 conversion line in Mobile, Alabama, plus A330 and A321 lines in San Antonio, Texas.

Boto says: "Hopefully before the end of the year we'll have these agreements in place."

He sees more global opportunities for EFW on the horizon, saying: "In the years ahead two thirds of our revenue will be from outside of Germany."

Discussing how EFW has evolved from an MRO to an OEM, he says: "With our P2F programmes, for the first time in our lives we have the opportunity to control and shape the market. It's unique and that's one of the reasons I joined the company."

Boto is well used to facing challenges. He was chief operating officer at EFW from November 2020, responsible for building up the conversion business, before taking up the role of chief executive in April.

He says the transition has been natural, with his previous role preparing him well.

"I took care of the operations and supply chain engineering, which I enjoyed a lot and which has been very useful to me going into the chief executive role."

Boto is no stranger to EFW co-parent

company Airbus, having spent 20 years working for the airframer.

Hailing from Spain, he describes himself as a helicopter pilot and engineer.

His passion for planes started early. "I always wanted to fly, from when I was a child. I also wanted to become an engineer," he says.

He decided that this second ambition would help him get into the aviation industry: "Something like making planes is the dream of any child, at least it was for me."

After completing an engineering degree, Boto began to work for Siemens as a satellite engineer before moving into a finance role.

He then took up a job offer from former German aerospace manufacturer DASA, which in 2000 merged with Spain's CASA to form EADS, which has since rebranded itself as Airbus Group.

He was with ATR from 2006, then became head of the restructuring and change Power8 programme for the Airbus group in 2009.

In 2012, Boto was named chief executive of Airbus supplier PFW Aerospace Speyer, which had been taken over by Airbus, and in 2020 he led the acquisition of PFW Aerospace by the Hutchinson Group, a 100% subsidiary of oil company Total.

With this vast array of industry experience, Boto is confident in dealing with growth in a difficult operational climate.

Challenges ahead

EFW, along with the rest of the industry, faces a shortage of raw materials that has been exacerbated by factory lockdowns in China, the Ukraine war, oceanfreight congestion and inflation-driven price increases, all of which have fuelled further demand by companies using the same suppliers.

However, the biggest challenge facing the company is ultimately going to be to deliver conversions, says Boto.

"Signing contracts is very easy. But you have to leverage new ways of working in this changing environment to fulfil customer orders. We make sure that we find resources and try to compensate uncertainties, such as the pressure of increased costs in the market, as much as we can."

To manage rising costs, EFW is changing the way it produces aircraft to become more efficient.

"We've changed the way we traditionally undertake A330 freighter conversions at our main site in Dresden, where we are moving from static to flow line production, allowing us to increase output and profitability," says Boto.

EFW is also utilising automation to increase efficiency: "Conversion is a very handcrafted activity, but we are beginning to automate with robots and intelligent systems and use digital technologies for dynamic supply chain



Early ambition: Making planes has been a dream career for Jordi Boto since childhood

planning and management.

"But we're not adding technology for the sake of technology," he stresses, "only if it brings an added value."

Other major challenges include adapting the business to align with decarbonisation goals, including minimising and repurposing waste using circular economy principles.

EFW is confident demand for conversions will remain. In a win for sustainability, fleet renewal provides an opportunity for ageing aircraft to be repurposed. A surplus of passenger aircraft and changing environmental requirements are resulting in airlines shedding their own aircraft to be converted and retained or sold on for conversion.

"We'll see accelerated pressure to get rid of the old planes and turn them into fuel efficient aircraft, with less noise, weight and carbon emissions," says Boto.

The aim is to ramp up production, while remaining realistic. "Do not bite off more than you can chew," he reflects.

"Our target is an overall yearly rate of 60 (30 A330s and 30 A321s) conversions by 2025."

Boto remains excited about the future at EFW: "To shape the industry and create something new is a once-in-a-lifetime opportunity."

"What we're experiencing in the cargo industry is quite unique. We're going to see a completely different industry in five years." **ECN**

Special deliverers

The knock-on effects of the pandemic played out to airfreight's benefit last year, as several forwarders saw large increases in volumes, writes **Damian Brett**

There is no doubt that 2021 was a bumper 12 months for airfreight forwarders, with revenues, profits and volumes reaching new highs – but it was also a year of change at the top as Kuehne+Nagel (K+N) knocked DHL off the top spot.

The latest annual statistics from consultant Armstrong & Associates show that K+N was the world's largest airfreight forwarder in terms of volumes in 2021 as it recorded a 54.9% increase to 2.2m tonnes.

The large increase came as 2021 was a bounceback year, following the worst of the Covid pandemic in 2020, and the company also benefited from the acquisition of Apex Logistics.

Looking at the overall market last year, demand was boosted as economies recovered from the pandemic and the public had more cash to spend on goods, as services were still limited by the pandemic.

There was also a modal shift as the container shipping industry struggled with congestion at ports and equipment shortages.

In addition to this, air cargo capacity began to recover as more companies started freighter operations, some passenger services began flying and the industry increasingly utilised passenger aircraft for cargo-only flying.

Looking at K+N's performance, Apex's figures began to be included in May 2021 and accounted for around half of the growth registered by the company.

At the time of acquisition, K+N said Apex handled around 750,000 tonnes of air cargo per year.

"Demand remained strong for K+N's services in areas such as pharmaceuticals, essential goods and e-commerce. This enabled the business unit to gain significant marketshare," K+N says.

It adds: "In 2021, the increased demand for air transport services was generated from

a solid economic rebound but also from challenges in seafreight supply chains; this in combination with an extended period of low availability of belly capacity due to low frequency of passenger travel has led also in the airfreight market to capacity shortage and high freight rates.

"Similar to the situation in seafreight, a favourable service mix, strong development in the transpacific market, unprecedented access to charter capacity and operational efficiency under the difficult circumstances contributed to significantly increased margins."

Financial performance outshone volume performance across much of the industry and K+N was no different as it benefited from higher rates owing to the supply chain snarl-ups and capacity shortages.

Air revenues increased by 97% to SFr11.5bn and earnings before interest and tax (ebit) improved by 131.1% to SFr1.2bn.

The overall group saw revenues for the year increase by 60.9% to SFr32.8bn, ebit improve by 175% to SFr2.9bn and net profit hit SFr2.1bn, up by 173% on the year earlier.

DHL Global Forwarding (GF) and Supply Chain Services (SCS) divisions also had a strong year as air cargo volumes improved by an above-market 25%.

In its annual report, Deutsche Post DHL explained: "The global forwarding market was still highly affected by the Covid-19 pandemic in 2021.



Steady, but second: DHL

"Strong demand for goods drove the volume recovery, while capacity shortages and infrastructure problems in both air and ocean freight caused freight rates to increase, at times considerably."

The company added: "We registered an increase of 25.7% in airfreight volumes in 2021, due mainly to the recovery in global merchandise trade.

"The highest growth was attributable to the trade lanes between Asia and the US. Airfreight revenue exceeded the prior-year level by 43.2%; gross profit improved by 18.5%."

DHL Global Forwarding also benefited from improving financial results, as ebit for the global forwarding, freight division more than doubled to €1.3bn and revenue increased sharply to €22.8bn.

Holding third

Probably the fastest-growing forwarder of recent years has been third-ranked DSV – in 2016 the company was ranked number nine and handled less than 600,000 tonnes.

Since then a series of acquisitions – most notably UTi and Panalpina – have helped propel the company up the list.

However, last year DSV grew at a lower rate than its main rivals – although in line with the market – with its air cargo volumes increasing by 18.7% year on year to 1.4m tonnes, allowing fourth-placed DB Schenker to close to within 100,000 tonnes of its total.

The company said that its results were "impacted by discontinued Panalpina business following the integration".

Looking to this year, volumes should grow above the market, following its integration with Agility Global Integrated Logistics (GIL) in late 2021.

Agility GIL handled around 350,000 tonnes in 2020 – which, if combined with DSV's 2021 figures, would have pushed the combined entity to around the 1.9m tonnes mark.

"In the past year, we saw several unprecedented factors conspiring across global supply chains," says chief executive Jens Bjorn Andersen.

"Beyond the continuous pandemic lockdowns and restrictions, a surging demand





for goods strained transport capacity, equipment, infrastructure and labour across the supply chain. Bottlenecks persist and have led to record-high freight rates in 2021.

“These disruptions continue to impact the global economy, raising difficult questions for the logistics industry and exposing global supply chain vulnerabilities.”

Overall, the top 25 forwarders last year saw their air cargo volumes increase by 19.2% to 18.1m tonnes, compared with those companies occupying the top 25 spots in 2020.

Another noticeable development came from the Japanese forwarders as they reported above-market improvements in air cargo demand.

Nippon Express saw its volumes increase by 34.9% year on year to 971,763 tonnes, there was a 40.5% improvement at Kintetsu Express to 728,534 tonnes, and Yusen Logistics registered a 28.5% jump to 410,000 tonnes.

The increase comes after the Japanese companies suffered an above-market demand decline in 2020 and are therefore likely to have benefited from a larger bounceback than forwarders from other areas of the world.

Looking at regional performance elsewhere, growth at European firms was mixed – ranging from increases of 14.2% to 54.9% – as companies in this region were most affected by market consolidation.

North American firms reported another good performance as the US economy quickly bounced back from 2020.

In fact, US firm CH Robinson registered the second-largest increase of any company on the list as its volumes increased by 45.5% year on year to 300,000 tonnes.

The performance follows on from a difficult 2020, when the company suffered an estimated 18% decline in air cargo volumes.

Forwarders based in China continued to be affected by strict Covid-related lockdowns as the country implemented a zero-Covid policy.

Tougher prospects in 2022

Looking ahead, 2022 is shaping up to be a challenging year in terms of volume growth.

Figures from analysts are showing volume declines across the air cargo industry over the first six months of the year as the war in

Top 25 airfreight forwarders 2021

Rank	+/-	Company	Air metric tonnes	YoY change (%)	Gross logistics revenues (\$m)	Headquarters
1	+1	Kuehne + Nagel	2,220,000	54.9	40,838	Switzerland
2	-1	DHL GF & SCS	2,096,000	25.7	37,707	Germany
3	0	DSV	1,510,833	18.7	28,901	Denmark
4	0	DB Schenker	1,438,000	31.4	27,648	Germany
5	+1	Expeditors	1,047,200	26.0	16,523	US
6	-1	UPS Supply Chain Solutions	988,880	*N/A	14,639	US
7	+1	Nippon Express	971,763	34.9	18,612	Japan
8	+4	Sinotrans	804,000	32.2	19,097	China
9	+1	Kintetsu World Express	728,534	40.5	9,010	Japan
10	-1	Bolloré Logistics	656,000	14.3	5,701	France
11	0	Hellmann Worldwide Logistics	652,100	18.0	4,718	Germany
12	+1	Kerry Logistics	520,415	5.4	10,516	Hong Kong
13	+9	AWOT Global Logistics Group	486,216	*N/A	4,058	China
14	+1	CEVA Logistics	474,000	30.6	12,000	France
15	-1	CTS International Logistics	416,190	4.5	3,822	China
16	+2	Yusen Logistics	410,000	28.9	7,788	Japan
17	+2	DACHSER	365,000	17.4	8,333	Germany
18	+2	GEODIS	346,667	19.3	11,900	France
19	-2	Crane Worldwide Logistics	337,300	*N/A	1,600	US
20	+5	CH Robinson	300,000	45.5	22,356	US
21	+2	NNR Global Logistics	288,837	18.1	1,828	Japan
22	+2	Pilot Freight Services	280,000	16.6	1,350	US
23	-2	FedEx Logistics	265,600	*N/A	1,920	US
24	N/A	Dimerco Express Group	251,967	N/A	1,395	Taiwan
25	N/A	cargo-partner	239,400	33.0	2,123	Austria
Total			18,094,902	19.2		
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. © 2022 Armstrong & Associates						

Ukraine, rising cost of living and Covid lockdowns in Shanghai and Hong Kong put the brakes on growth.

But on the financial front, the challenging supply chain conditions, uncertainty in ocean shipping, disruption to passenger operations, congestion at airports and a slow recovery of airline networks have continued to push up prices, with rates remaining far above pre-Covid levels.

Over the first six months of 2022, Baltic Exchange data shows that average airfreight rates from Hong Kong to North America were 31% higher than the same period in 2021, while average rates from Hong Kong to Europe were up by 37.8%.

Meanwhile, consolidation looks set to continue, with a spate of deals announced.


CMA CGM-owned CEVA has purchased Africa's Spedag Interfreight, Ingram Micro's former Commerce & Lifecycle Services business and Colis Privé, a France-based last-mile provider.

And in April, it signed an agreement to purchase nearly 100% of the capital of GEFCO, the European automotive logistics firm.

Meanwhile, Maersk could be about to enter the top 25 forwarders, after it announced the purchase of Pilot Freight Services and Senator International to add to its existing logistics business.

Elsewhere, the future ownership structure of cargo-partner is being considered, after founder, chairman and chief executive Stefan Krauter announced his intention to step down.

The future of DB Schenker also remains in doubt, although it has been the case for many years that state-owned Deutsche Bahn has been considering either selling the unit or launching an IPO to raise funds.

But the logistics business has seen profits soar in recent years, which makes it more attractive to both potential investors and also to the wider Deutsche Bahn group. 

The legacy of Covid-19

With the great Covid vaccine airlift well under way, the airfreight industry can perhaps catch its breath – and maybe congratulate itself on a job well started, though far from complete.

The pressure on carriers and logistics companies is just beginning to abate, with the return of scheduled capacity and, at the same time, reduced demand from the global pharma industry to move vaccines in many parts of the world.

The big focus now is on ensuring that the vaccine gets to those who need it in the developing world, says UPS vice president international sales healthcare, Cathy O'Brien.

"Companies like UPS have been playing a big part. We have delivered 1.6bn vaccines to 110 countries," she states.

If nothing else, says O'Brien, the Covid pandemic has shown what people in the global supply chain can do, when asked to "move mountains".

Before Covid, she says, the idea that a network of portable freezers could be set up across Africa or that drones would be routinely used to deliver into remote areas would have seemed incredible.

UPS's commitment to the developing world goes beyond even physical plant, she adds. Through the UPS Foundation, the company has also 'loaned' its executives to developing countries to help them improve their supply chains.

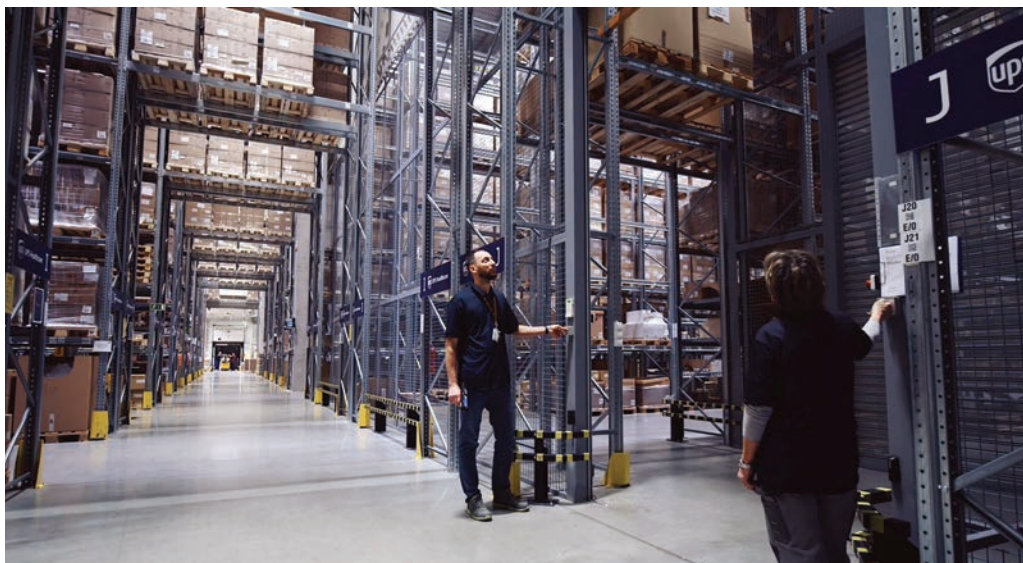
Close co-operation

Over the past two years, the whole industry has learned vital lessons and new ways of doing things, and indeed has laid the groundwork for a new, even more efficient supply chain, says Fabrice Panza, manager global cool chain solutions, commercial division, and GDP pharma manager at Etihad Cargo.

Airfreight people, he says, "have found new ways of doing things, with active collaboration and the creation of a new 'ecosystem', not only among airlines, but IATA, government bodies, shippers and forwarders".

Collaboration in the industry reached new heights during the Covid campaign, spurred on perhaps by developments in IT but above all because the crisis made it imperative for people to work closely together.

"We weren't just shipping cargo, we were saving lives," says Panza. "Everyone was committed to deliver, and it brought out the best in everyone."



UPS is aiming to help healthcare authorities create more efficient, centralised supply networks

Pharma supply chains were enhanced during the Covid pandemic and companies continue to make investments, writes **Chris Lewis**

One of the legacies of Covid could be a more resilient global supply chain for pharma, adds O'Brien: "European governments have moved to near-shore raw materials and made the region less reliant on the Far East," for instance.

UPS, for its part, has developed a multimodal network for pharma and has also introduced new technology that could prove to be a game-changer for the industry.

Indeed, one thing that has emerged in the wake of the pandemic is what is arguably Europe's first truly comprehensive network for the entire pharma supply chain, O'Brien argues.

During the pandemic, UPS used literally any means of transport to move vaccines and

related items, including its own air capacity and that of the scheduled airlines, as well as trucks, ships and trains.

Equally importantly, the pandemic led to a rethink within the pharma industry about partnerships with the logistics industry, O'Brien continues.

The crisis showed up strains in companies' operations, throwing a spotlight on where the life science companies still tended to work in silos.

However, the industry has now learned the importance of partnerships with logistics service providers, says O'Brien.

Up to now, pharma logistics reflected the industry it served – fragmented, with a multitude of different players.

Even had they wished to, there was no one-stop-shop that life sciences manufacturers or healthcare providers could go to fulfil all their requirements in a particular region.

Now though, says O'Brien, with the recent or anticipated opening of major dedicated pharma and life sciences sites in, among other countries, the Czech Republic, Australia, Germany, Benelux, Italy and Ireland, UPS will have "a multi-user end-to-end global network – literally a one-stop shop – which is very exciting".





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Rhenus has opened a life sciences and healthcare hub at a refurbished site close to Heathrow airport

→ A comprehensive pharma network – UPS will boast 132 GDP-compliant buildings – could make it possible for healthcare authorities to create more efficient, centralised supply chains.

At the moment, there is a tendency for individual hospitals to make their own arrangements, which leads to a “phenomenal” amount of waste, says O’Brien.

Developments in IT have certainly eased the process of collaboration in the pharma supply chain, says Etihad’s Panza.

Online track and trace is a given, of course, but links have also been created with customs and, importantly, the healthcare authorities. Taken together, these have reduced lead times by 80%.

Premier approach

For UPS, perhaps one of the most significant developments has been the new sensor technology being offered as part of its Premier package.

The idea of using RFID and other technology to keep track of shipments has been around for many years, of course, but this is a real system that is being used today within UPS’s own controlled network that can track consignments to within metres.

It was a major contributor to UPS’s 99.9% on-time vaccine deliveries, says O’Brien.

“What Premier effectively does is create a ‘VIP lane’ for the most urgent consignments, making them fully visible and giving our teams a feed of data they can use to create flags along the consignment path which can be monitored by one of our three control towers.”

Life science and healthcare products will increasingly be handled by logistics service providers that can fulfil the exacting industry requirements and by those willing to invest continuously in capability, quality, infrastructure and highly qualified personnel,

says Stephan Dülk, global head of life sciences and healthcare at German-owned forwarder, Rhenus Air & Ocean.

The forwarder recently opened a life sciences and healthcare hub at a newly refurbished site close to London Heathrow airport.

Described as the first of its kind in Europe for Rhenus Group, it aims to offer a one-stop-shop for all import and export logistics with temperature-controlled storage and distribution from end to end.

Dülk explains that the life sciences and healthcare (LS&H) vertical is a key focus area for Rhenus globally, saying: “We are constantly expanding our existing LS&H network and capabilities to serve the industry with seamless and flexible logistics solutions driven by high quality standards, customer needs and patient safety. Our new London Heathrow facility is a prime example.”

The increasing legislation that applies to such products requires an extremely high focus and commitment to quality management, service excellence and flexible solutions to fulfil industry requirements.

The developed world is hoping that the worst of the Covid pandemic is over. However, there is still a huge task ahead in Africa and other countries.

And arguably, this goes well beyond Covid; many people lack access to medicines of all kinds and often die of other conditions that would be easily curable in Europe or North America.

Etihad Cargo was one of the kingpins of the Abu Dhabi-based Hope Consortium, headed by the country’s Department of Health, which was set up to get the Covid vaccine to anywhere it was needed including ‘difficult’ destinations in the developing world.

The consortium has achieved a huge amount, though it is too early to say what further efforts will be needed to finally

complete the campaign, but Etihad and its PharmaLife service is poised to deliver whatever is needed, says Panza.

His contacts at the World Health Organization say there is certainly still some ground to cover in Africa, and it is on this continent that Etihad Cargo took the partnership principle to an even higher level, setting up a collaboration in Nairobi with local carriers Astral Aviation and Kenya Airways to get vaccines moved to their final destination.

Another important partnership born during the pandemic was the MoU with the Belgian pharma industry to create a ‘Pharma Corridor 2.0’ between Abu Dhabi and Brussels.

Another good thing to emerge from the crisis were the pharma shipping masterclasses, the second of which was due to take place in Abu Dhabi in early September. These provide a unique learning opportunity for all those at the sharp end of the supply chain.

The campaign also left an impressive infrastructure on the ground too, particularly with respect of moving deep-frozen shipments (-18°C down to -80°C), which Panza predicts will become more important for pharma shipments in future.

Cold cargoes

Before the Covid crisis, the airline industry was wary about carrying dry ice but now it has become routine.

UPS even makes its own dry ice at Louisville in the US and has access to a comprehensive supply network in other parts of the world.

Experience gained during the airlift may, though, have changed the industry even more fundamentally, Fabrice Panza believes.

It has put the Middle East firmly on the map as a location for pharma research and development, and possibly also mass production.

Its unparalleled air connectivity means that →



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PharmaLife has demonstrated to manufacturers what can be achieved, Panza argues.

Quality is more than just a word, says Cool Chain Association (CCA).

“Covid has confirmed the unique way we can work with pharma by air,” adds CCA board member Fabrizio Iacobacci.

Quality in pharma transportation “is something you need to prove, not simply to state,” he argues.

Companies that have actually proved their competence in moving pharma by air are those that will continue in business, he predicts.

“Whoever has a contingency plan in action for pharma – a simple example might be having trained people who are readily available and can step in to replace those sick with Covid – will guarantee their future and the future of pharma logistics by air.

“As I generally say, with pharmaceuticals there is a minimum space for a reasonable doubt – but never for a mistake.”

He adds: “Lack of capacity is an issue and we all know that producers need to have backup logistics plans to transport their products.

“Therefore, the risk is of having a major concentration of volumes in airports that have strong airfreight capacity while neglecting others.”

The limits to air capacity have encouraged developments such as the use of rail to move temperature-controlled pharmaceuticals between the Far East and Europe.

“So, yes, the limitation in the airfreight seems to be changing the way pharmaceuticals are moved around the world,” he comments.

Emissions dilemma

Pharma manufacturers, like all companies, are pledging to become net zero by 2050, in line with UN goals, but they face a dilemma in that, in many cases, they have no choice but to use airfreight.

Treatments often require very careful cold-chain handling to get to the customer in perfect condition and on time.

Keeping shipments at very low temperatures requires effort, and there is a limited time window for doing so.

The trick, says Ellinor Grape, senior product manager at airfreight temperature controlled specialist Envirotainer, is to consider which factors are in the control of the pharmaceuticals firm and optimise them.

For example, while it might not be possible to choose a less polluting plane, it is possible to choose packaging that has a lower environmental impact.



Envirotainer is working to help pharmaceuticals firms transport shipments at very low temperatures

Currently, she says, most pharmaceuticals are shipped in what is basically an insulated cardboard box with a coolant such as water, gel or dry ice, and there is a huge amount of waste and cost involved in this type of cold-chain packaging.

Keeping a pallet of vaccines at a strict temperature of 2-8°C for an entire journey traditionally requires lots of single-use plastics, and much handling and manual work.

But compare this ‘passive’ type of packaging to an ‘active’ solution. Instead of all the wasteful materials and resources of what is essentially a complex, yet throw-away box, an active solution is a reusable, battery-powered container that gives active and reliable temperature control.

These are used in a ‘circular economy’ in which the containers are leased, and by reusing, repairing, refurbishing and recycling, these temperature-controlled containers can ultimately reduce CO2 emissions by 90% compared with passive shipment solutions.

Some of the active containers can also be up to 35% more space efficient, which can significantly reduce the emissions per shipment.

Tower Cold Chain has gained a second tranche of investment from Investec Bank following an initial injection of £6m into the business two years ago.

The pharmaceutical temperature-controlled specialist said the £6.7m fund would be used

‘Regulatory change in the pharmaceuticals industry has meant demand for temperature sensitive solutions has surged in recent years’

Niall Balfour, Tower Cold Chain

to manufacture more stock, expand into new hubs and provide digitalisation including the latest digital capabilities, such as the ‘Internet of Things’.

Tower recently opened a Centre of Excellence at its global headquarters in Reading, England, which is now being replicated in the Americas and Asia Pacific and will lead its drive towards diversification.

Tower says its hubs guarantee pharmaceuticals, third-party logistics and airline companies increased proximity and availability to its temperature-controlled containers and reduce the risk of disruption.

With the launch of hubs in Amsterdam, Chicago, Los Angeles and South Korea, the company says it will double the size of its network during 2022 alone.

Tower said its original investment in spring 2020 took place, coincidentally, against the backdrop of the Covid-19 pandemic.

Chief executive Niall Balfour explains: “The constant regulatory change in the pharmaceuticals industry, coupled with new life-science products, has meant demand for temperature-sensitive solutions that comply with highly complex policies has surged in recent years.

“With a growing development in clinical trials, small batch shipments and bio-specific treatments, forward-looking pharmaceutical logistics providers must adapt as the need for transparent, closely controlled global supply chains demands rise.”

Tower has recently developed its KTEvolution container – a robust, lightweight, handleable solution which the company says provides the same reliable thermal protection and reusable durability as the existing range and fills a gap in the market for a manually handleable, passive solution.

Tower products also use Bluetooth Low Energy Technology to communicate wirelessly, allowing accurate compliance checks and providing complete visibility and transparency to customers.

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Airfreight's finest reach new heights

The airfreight sector paused in September to celebrate its leading lights at the prestigious ACN Awards, which were held at a glittering ceremony at the Runnymede on Thames Hotel in Surrey



Michael Yohannes (C) of Ethiopian Airlines Cargo collects the Cargo Airline of the Year Award from James Gidlow of FlyUs Aviation Group and host Lucy Porter



The great and the good of the air cargo industry gathered in September to celebrate industry excellence at the Air Cargo News Awards, now in their 38th year.

In total, 15 companies celebrated success on the night, with Ethiopian Airlines scooping the prestigious Cargo Airline of the Year Award for the first time.

The awards are based on a mix of direct voting by airline customers and company submissions, which are then judged and ranked by a panel of industry experts.

This year the awards were once again held at the Runnymede on Thames Hotel in Surrey, with 230 attending to celebrate industry achievements over the past 12 months.

The event was hosted by stand-up comic and panel show regular Lucy Porter, while the evening also provided the opportunity for attendees to catch up and network with friends and colleagues over dinner and drinks and then dance the evening away.

Moving onto the awards, the voted for categories saw thousands of shippers, freight forwarders and other airline customers vote for the carriers they believe provide the best service levels when it comes to their cargo operations in each region as well as the overall cargo airline of the year.

Votes were cast on the Air Cargo News Awards website over a two-month period.

The top award was collected by Michael Yohannes of Ethiopian Airlines and presented

by James Gidlow of award sponsor FlyUs Aviation Group.

Ethiopian Airlines picked up the main prize after investing in its freighter fleet, hub and digital capabilities.

The airline also played a key role in transporting Covid-19 vaccines.

To win the Cargo Airline of the Year, Ethiopian Airlines secured the highest total number of votes.

Moving onto the judged categories, the specialist maindeck award for the Best Freighter Operator category, sponsored by Awery Aviation Software, was Qatar Airways.

Judges said they were impressed by the airline's recent fleet, network and volume growth, commitment to the customer



Kathrin Brost (C) of DHL Global Forwarding collects the Air Cargo Environment Award from Alex Doisneau of sponsor dnata



Damian Brett of Air Cargo News presents the pharma prize to LATAM Cargo's Cristian Ruscio (C)



Qatar Airways' Jason Bradbury (C) picks up the Best Freighter Operator prize from Vitaly Smilianets of Awery Aviation Software



The team from Budapest Airport collect the Cargo Hub of the Year award from Mark Faulkner (L) of Etihad Cargo

experience, move to low-carbon solutions and sustainable considerations.

The award was presented to Jason Bradbury of Qatar Airways by Vitaly Smilianets of Awery Aviation Software.

The hotly contested Air Cargo Environment Award, sponsored by dnata, was won by DHL Global Forwarding.

The company demonstrated its commitment to sustainable aviation fuel (SAF) and a co-ordinated and broad view environmental programme that demonstrated how one of the largest buyers of air cargo capacity is leading efforts in decarbonisation.

The award was collected by Kathrin Brost of DHL Global Forwarding from Alex Doisneau of sponsor dnata.

United Cargo was highly commended in this category.

The Air Cargo Pharma Award was won by LATAM Cargo with the independent panel of judges impressed with the airline's commitment to transporting vaccines for the Covid pandemic.

The airline's Project Hope demonstrated a proactive approach to handling the demands of an unknown global pandemic.

The airline was described as "truly dedicated to making excellence in pharma logistics a top priority".

The award was presented to Cristian Ruscio →



Alex Doisneau (CR) and Ziaad Hussain (L) from dnata pick up the ground handler prize from Rebekah Yore (CL) of the Humanitarian Logistics Assn



LATAM Cargo's Cristian Ruscio (C) picks up the Air Cargo Project award from Annie Roberts of DVV Media



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→ of LATAM Cargo by Damian Brett of *Air Cargo News*.

“Good solid planning and execution” said one judge of the project, while another said its entry detailed a “complex project movement” that “clearly demonstrated customer satisfaction”.

Brussels Airport and Changi Airport were highly commended in this category.

The Etihad Cargo-sponsored Cargo Hub of the Year Award was won by Budapest Airport after it announced a series of investments in cargo facilities that helped it win new airline customers.

The judges said that the airport’s Cargo City development demonstrated substantial

improvements. Meanwhile, the airport also showed year-on-year cargo volume growth, improvements in service, the development of high-quality facilities and provided humanitarian support.

The award was collected by the cargo team at Budapest Airport and presented by sponsor Etihad Cargo’s Mark Faulkner.

Brussels Airport and Changi Airport were again highly commended in this category.

The Ground Handler of the Year Award was this year once again won by dnata. The award was collected by Alex Doisneau and Ziaad Hussain of dnata from Rebekah Yore of the event’s charity partner, Humanitarian Logistics Association.

The judges commended dnata for resetting and creating a better sector for customers, the workforce and local communities following the pandemic, while also investing in a host of new cargo facilities.

Highly commended in this category was Swissport.

The winner of the Air Cargo Project of the Year Award was LATAM Cargo, the airline’s second prize of the night after it also collected the Air Cargo Pharma Award earlier in the evening.

Some fantastic companies entered this category, but the winner provided efficient project-based transport of Covid-related relief equipment and vaccines, showing leadership and quality.

The award was presented to Cristian Ruscio of LATAM Cargo by Annie Roberts of DVV Media UK.

CharterSync was highly commended in this category.

The award for GSSA of the Year, sponsored by American Airlines Cargo was this year won by FlyUs Aviation Group.

In its entry, FlyUs demonstrated significant business development, winning new contracts and launching new services as well as investment in its people.

The award was presented to FlyUs Aviation’s James Gidlow by Emma Oliver of sponsor American Airlines. →



James Gidlow (C) of FlyUs Aviation Group received the GSSA of the Year Award from Emma Oliver of American Airlines Cargo



The Innovation Award – Digital was collected by awards judge and consultant Ariaen Zimmerman (C) on behalf of CargoAi from Robert Kunen of sponsor Air France KLM Martinair Cargo



David Wong (C) of Teksbotics picked up the Innovation Award – Product from Dongqing Zhang of sponsor Liege Airport



The Best Cargo Airline – Africa accolade was collected by Michael Yohannes (C), Ethiopian Airlines Cargo, from Richard Perry, *Air Cargo News*

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→ Network Airline Services was highly commended.

The Air France KLM Martinair Cargo-sponsored Innovation Award – Digital was scooped by CargoAi, with WebCargo by Freightos highly commended.

Judges praised booking portal CargoAi for developing new tools that set the standard for industry integration, support increased customer connectivity and will bring enhanced industry efficiencies.

The award was collected on behalf of CargoAi, who could not attend, by awards judge and consultant Ariaen Zimmerman from Robert Kunen of Air France KLM Martinair Cargo.

The final judged award of the night was Innovation Award – Product, sponsored by Liege Airport.

The winner was autonomous tractor firm Teksbotics, with Temp-Ex highly commended.

Judges said that Teksbotics had developed an innovative solution focusing on autonomous operations that will enhance ramp efficiency and overall industry productivity.

The award was collected by Teksbotics' David Wong from Dongqing Zhang of sponsor Liege Airport.

Moving onto the airline categories, which are voted for by the customers of cargo airlines, the first award was Best Cargo Airline – Africa.

The prize was won by Ethiopian Airlines Cargo, which has seen cargo volumes increase rapidly over recent years as it has added new freighter aircraft and invested in a state-of-the-art hub.

The award was presented to Michael Yohannes of Ethiopian Airlines by Richard Perry of *Air Cargo News*.

The next category, Best Cargo Airline – Americas was sponsored by Swissport.

The winner was American Airlines Cargo, which has rapidly expanded its digital capabilities in recent years while it has this year been ramping up its transatlantic network and focussing on its healthcare capabilities.



Andy Cornwell of American Airlines Cargo collected the award from Duncan Watson of sponsor Swissport.

The Best Cargo Airline – Asia award was won by China Airlines and sponsored by

Network Airline Group.

The carrier reported record cargo revenues last year as it ramped up its network and added new freighter aircraft.

Steve Hughes of China Airlines' UK GSSA →



Andy Cornwell (C) of American Airlines Cargo took home the Best Cargo Airline – Americas, presented by Duncan Watson of Swissport



Steve Hughes of Wexco (C) picked up the Best Cargo Airline – Asia Award on behalf of China Airlines from Network Aviation Group's John Gilfeather



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Best Cargo Airlines – Europe was won by Cargolux, with Paul Dutton (CL) and Cristina Fernandez (CR) picking up the award, which was presented by Rebecca Jeffrey of *Air Cargo News*



Emirates SkyCargo's Justin Hanson (C) collected the Best Cargo Airline – Middle East from Pierre Van Der Stichele of sponsor Air Partner

→ Wexco collected the award on behalf of the airline, which could not attend, from John Gilfeather of sponsor Network Airline Services.

The Best Cargo Airline – Europe prize was won by Cargolux Airlines.

Rebecca Jeffrey of *Air Cargo News* presented the award to Paul Dutton and Cristina Fernandez of Cargolux.

In 2021, Cargolux had a stellar year as its cargo revenues breached the \$1bn mark for the first time and it continued to invest in its digital services.

Air Partner was sponsor of the Best Cargo Airline – Middle East Award that was this year won by Emirates SkyCargo.

Emirates is at the forefront of the industry when it comes to investment in new products and services.

The airline has announced a \$1bn investment in its freighter fleet while it has also flown more than 4,200 tonnes of Covid-19 vaccines.

The award was presented to Justin Hanson of Emirates SkyCargo by Pierre Van Der Stichele of sponsor Air Partner.

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



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IATA stays positive on air cargo in face of sixth fall in demand

IATA SAID the air cargo market was stable in August, despite demand falling for the sixth month in a row.

The airline association's latest data shows that demand in cargo tonne km terms fell by 8.3%, which was a slight improvement on the 9.7% fall in July.

Capacity increased by 6.3% and the average cargo load factor was down 7.5 percentage points from a year earlier at 46.7%.

IATA director general Willie Walsh said: "Air cargo continues to demonstrate resilience. Cargo volumes, while tracking below the exceptional performance of 2021, have been relatively stable in the face of economic uncertainties and geopolitical conflicts. Market signals remain mixed.

"August presented several indicators with upside potential: oil prices stabilised, inflation slowed and there was a slight expansion in goods traded globally. But the decrease in new export orders in all markets except the US tells us that developments in the months ahead will need to be watched carefully."

IATA highlighted some positive indicators.

The association said that global goods trade expanded slightly in August and added that the easing of Covid-19

restrictions in China will positively impact cargo markets.

It added that inflation levels in G7 countries slowed for the first time since November 2020 and that oil prices stabilised in August.

On the other hand, new export orders, a leading indicator of cargo demand and world trade, decreased in leading economies in all regions except the US.

Looking at regional performance, Asia Pacific airlines registered an 8.3% decline in cargo demand in August, although this was an improve-

ment on the 9% drop registered in July.

"Airlines in the region benefited from slightly increased levels of trade and manufacturing activity due to the easing of Covid-19 restrictions in China," IATA said.

North American carriers posted a 3.4% decrease in cargo volumes in August as the lifting of restrictions in China improved demand and "a further boost is expected in the coming months".

Europe-based airlines noted a 15.1% decrease in cargo volumes in August.

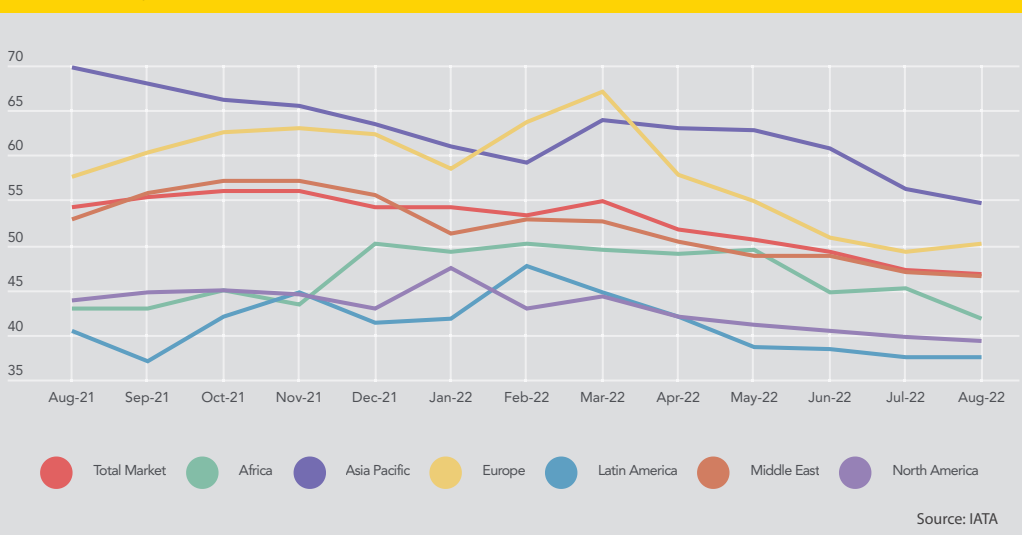
"This was the worst performance of all regions for the fourth month in a row," IATA said. "This is attributable to the war in Ukraine. Labour shortages and high inflation levels, most notably in Türkiye, also affected volumes."

Middle Eastern carriers experienced an 11.3% year-on-year decrease in cargo volumes.

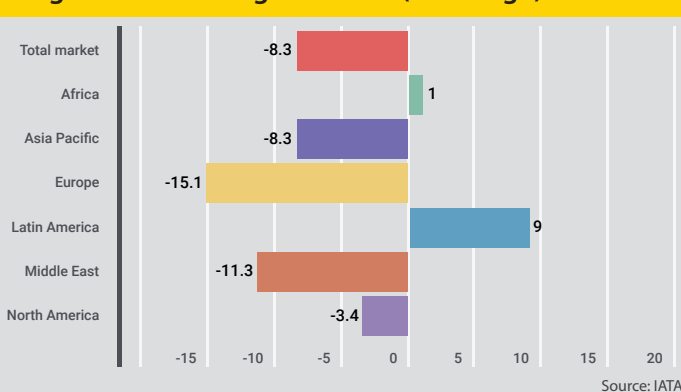
Latin American airlines bucked the trend with a 9% increase in volumes, as airlines have been investing in aircraft and expanding services.

Finally, African airlines saw cargo volumes increase by 1%.

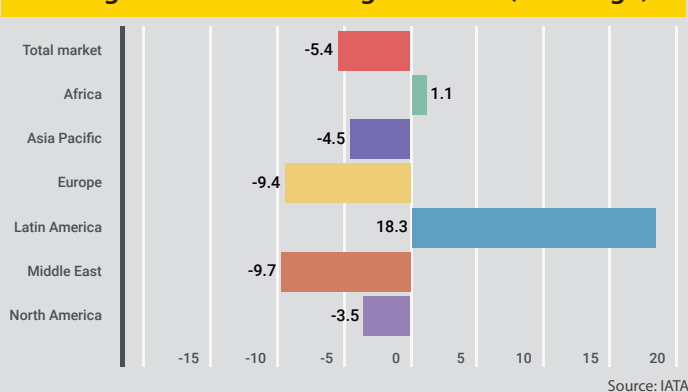
Airline cargo load factors (%)



Aug 2022 CTK v Aug 2021 CTK (% change)



Jan-Aug 2022 CTK v Jan-Aug 2021 CTK (% change)



Asian rates go against seasonal norms

AIRFREIGHT RATES on key trade lanes out of Asia continued to weaken in September, despite the industry heading towards the peak season.

The latest figures from the Baltic Exchange Airfreight Index (BAI) show that rates from Hong Kong to North America declined by 18.5% compared with a year ago to \$7.94 per kg. They are also down on the \$8.33 per kg achieved in August.

The declines are noteworthy for two reasons. Firstly, rates on the trade lane tend to increase from August to September. Secondly, it is only the second time since February 2020 that prices on the trade lane have registered a year-on-year decline.

Meanwhile, average prices from Hong Kong to Europe stood at \$6.09 per kg in September, which is down on the \$6.34 per kg registered in

August but remains 9.3% ahead of the year-ago level. Rates on this lane also tend to increase between August and September.

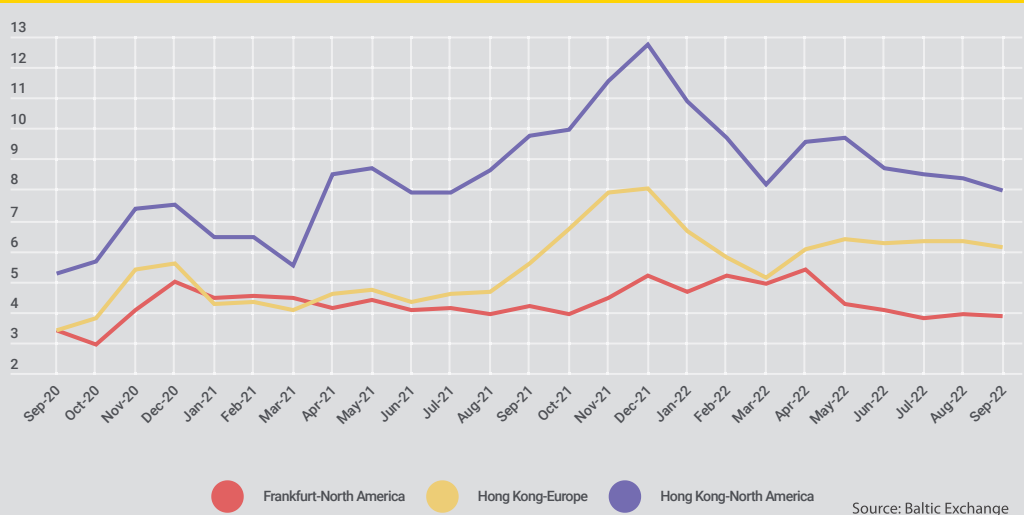
The falls come as bellyhold capacity continues to return to

the Hong Kong market as Covid restrictions are eased and the air cargo outlook remains cloudy.

In its latest market wrap-up, TAC Index said: "At this time of year, prices tend to firm up

ahead of the peak season. But this year – against a backdrop of high commodity prices, rising interest rates, full inventories, and prospects of stagflation – the reverse seems to be happening."

Baltic Exchange Airfreight Index (\$ per kg) Powered by TAC data



Cargo volumes fall around the world

THE AIR cargo market's deterioration as the year has progressed is reflected in the latest airport statistics.

The world's largest cargo hub, Hong Kong International, saw its airfreight volumes decline by 21% year on year in August.

"Cargo volume was unaffected by global economic uncertainties, continuing geopolitical tensions and disruptions to

global supply chains," said Hong Kong Airport Authority.

"Exports and imports decreased by 25% and 20%, respectively, compared with the same month last year.

"Cargo traffic to and from key trading regions in North America and Europe registered the most significant decreases."

At Frankfurt, Europe's busiest cargo hub, there was a decline of

15.1% year on year in August, with the airport blaming "airspace restrictions related to the war in Ukraine and the extensive anti-Covid measures in China".

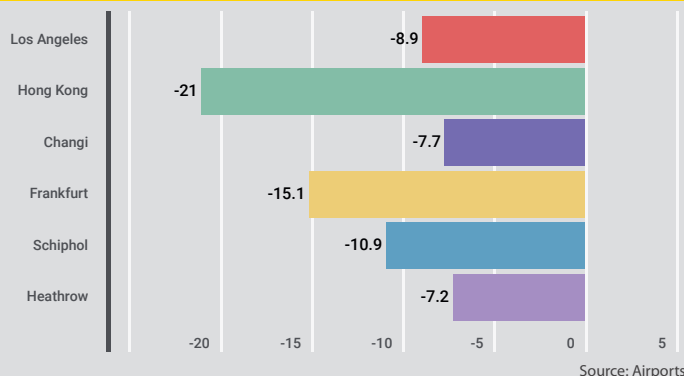
In North America, Los Angeles registered a fall of 8.9% as the US economy performed better than elsewhere.

Although August figures had not been released at the time of

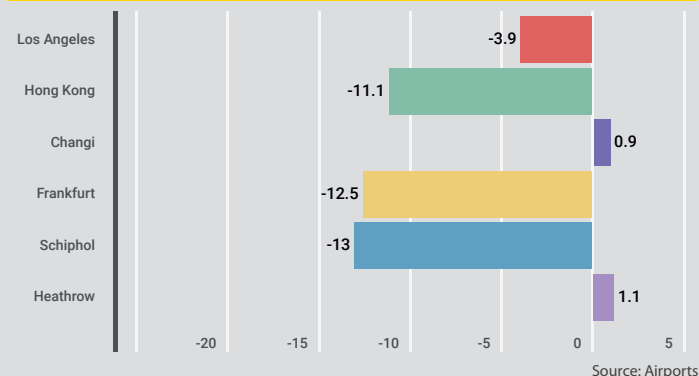
writing, Miami International – a hub for Latin America services – has also performed better than most, as South American economies are in the midst of their Covid bounceback.

Passenger hubs Heathrow and Changi also performed better than most in August as bellyhold operations continued their resurgence following the easing of Covid restrictions.

Aug 2022 v Aug 2021 cargo volumes (% change)



Jan-Aug 2022 v Jan-Aug 2021 cargo volumes (% change)



Decongestion forces a fall

Prices in ocean shipping have declined in recent months as congestion issues at US and Chinese ports have cleared up.

The latest figures from rate portal Freightos show that at the start of October the cost of moving a container from Asia to the US west coast stood at \$2,516 per 40 ft container, down 85% on the same time last year.

From Asia to the US east coast prices are down 66% on a year ago at \$6,643 per 40 ft container.

Judah Levine, head of research, Freightos, said: "Easing port congestion both in China's hubs and at Los Angeles/Long Beach is effectively increasing available capacity – vessels leaving Asia for the west coast are reportedly only about 70-80% full – and is combining with the continuing decrease in demand to push spot rates down especially quickly on this lane."

Levine added that if prices continue to decrease, box lines could find themselves in a loss-making position.

"Falling rates, especially on the Asia-US west coast lane, could soon push prices below the break-even point per container for some ocean carriers as their costs have also climbed with inflation.

"Smaller carriers that operate smaller vessels – many of whom

are paying expensive charter rates and were new entrants on the transpacific as spot rates spiked – and currently operate about a third of transpacific capacity, may be the most exposed to falling prices, making operations unprofitable.

"The larger carriers are likely hoping that shifting conditions will push the smaller players and their capacity out of the market, and, together with the significant increase in blanked sailings and cancelled services, help to stabilise rates."

Weakening consumer demand

and high inventories are also thought to be contributing to rate declines due to lower volumes.

Freight forwarder Flexport said that soft pre-Golden week demand, which runs from October 1 to 7, indicated a lack of traditional peak season volumes, and warned that capacity reductions are likely to follow.

On the Asia-Europe trade, the forwarder said: "Demand remains sluggish with no pre-Golden Week cargo rush.

"Space is available, despite schedule reliability continuing to be affected by a large number of

blank sailings, vessel sliding, and port omissions."

Date provider Xeneta chief executive Patrik Berglund said the "halcyon days" of ever-increasing rates for carriers may be drawing to a close.

"The shoe is finally on the other foot when it comes to upcoming contract negotiations for the fourth quarter and beyond," said Berglund.

"The shippers are in the ascendancy while carriers will now be competing to lock in volumes in the face of lower global demand."



Photo: Shutterstock

People



Qatar Cargo
Liesbeth Oudkerk
Qatar Airways Cargo has appointed Liesbeth Oudkerk as senior vice president, cargo

sales and network planning. She will be responsible for the cargo carrier's sales and freighter network planning, focusing on digital transformation to improve customer support and internal processes.



UPS
Susanne Klingler-Werner
Susanne Klingler-Werner has been named new president for UPS Supply Chain Solutions Europe.

Klingler-Werner, who will oversee 22 markets across Europe, joined UPS in 2005 and has held roles in global freight forwarding, airfreight product management and revenue management.



American Airlines Cargo
Greg Schwendinger
American Airlines Cargo has appointed Greg Schwendinger to the role of

president. With more than 15 years of experience at American, he has held various positions leading teams across the airline. The appointment follows the departure of Jessica Tyler from the role in May.



Swissport
Dave Lynch
Ground handler Swissport has announced the appointment of Dave Lynch as its new chief information

officer. Lynch joins Swissport from FirstGroup, a private sector provider of rail and bus transport in the UK. He succeeds Giuseppe Genovesi, who stepped down from his position in July.

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