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COLUMNS

DEPARTMENTS

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Editor's **Note**

Open

Shortly after European transport ministers voted unanimously to endorse a historic new aviation treaty between the United States and the European Union — a vote that probably was a bigger surprise than the trans-Atlantic agreement itself — the International Herald-Tribune lamented that the treaty hadn't produced the "intercontinental rejoicing" it deserved.

The next day Continental Airlines filed for authority to fly several new routes across the Atlantic, including flights to London Heathrow Airport. It seems the airline would rather toast the new agreement with new flight opportunities than by raising Champagne glasses.

That, along with the British Airways bitterness over the deal, is more the reaction we expected to the agreement. Shippers, carriers and forwarders expecting a startling new aviation dawn to rise over the Atlantic may be disappointed. But there's little doubt that anyone concerned with air trade will see significant changes in business between the United States and Europe as existing operators map out new flight strategies and match them to trade demand.

That may take time — the prospective Continental flights can't start until next March, and they're passenger-plane operations — but the changes are no less important.

It's too much to give this deal the much over-used "open skies" label, but for the cargo industry it offers enough new freedoms to suggest that trade demand may finally be the real driver of capacity rather than the other way around. European all-cargo airlines would gain important new rights to operate into the United States and tie U.S. routes together with other countries. Names like Ocean Airlines and Cargo B may become critical fixtures in trans-Atlantic trade and natural extensions of increasingly open global trade.

Among Europe's larger flag carriers, Air France-KLM has been the most vocal in endorsing the agreement. Virgin Atlantic is reported to be already considering United States flights out of Madrid, Amsterdam and Frankfurt.

But some in the aviation community also may be reticent to praise this done deal because it may not be quite a done deal. Under terms of the agreement, E.U. countries have the right to withdraw traffic rights if the U.S. does not agree to wider foreign ownership and to open its domestic routes to European airlines by 2010.

That provision to allow greater foreign ownership of U.S. carriers already has come under fire in the United States. It's against the law and members of Congress have made clear they will not change that law. Likewise, don't expect the United States anytime soon to embrace the idea that flying between Chicago and Denver is the same as flying between Paris and Warsaw.

The time will come when such divisions can't be glossed over. In the meantime, the airlines have new flights to consider.

Air Cargo World

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News Updates

Security Gets Surprising

While shippers and cargo carriers were watching the United States Congress carefully for new security regulations, the Transportation Security Administration surprised much of the industry and its customers with new directives that were highly detailed, highly important – and highly secret. Shippers and forwarders were given broad instructions on the wrapping of pallets and other measures, but many complained they were left in the dark as the rules took effect March 12.

"How can you expect people to comply with the rule when they're not permitted to have access to it?" said Peter Gatti, executive vice president of the National Industrial Transportation League.

Air carriers, meantime, were scrambling to comply on short notice with the rules, the culmination of a years-long process that included numerous industry meetings and some interim directives.

Some of the rules were aimed at making cargo more easily available for inspection and guarding against stowaways on cargo aircraft.

Congress was still moving toward passing a new security law that will likely include much stronger requirements for scanning cargo on passenger planes. And lawmakers took up a separate plan that would require the physical screening of all workers at five U.S. airports, a response to reports of security breeches at some airports.

"This is another example of knee-jerk reaction decision making that is not smart," said Brandon Fried, executive director of the Air Forwarders Association. "People are looking for a magic bullet that ultimately could prove ineffective instead of the already effective, multi-layered random risk-based approach to screening."

But cargo scanning was certainly picking up steam in Washington. Rep. Tom Davis, R-Va., called for hearings to look at whether enough is being done to screen air cargo coming into the United States. Although there was little new in what Davis said, he is a senior member of the Republican leadership and was getting behind an issue that had been pushed almost entirely by Democrats.

Atlantic Pact

Long-divided European Union transport ministers found sudden and surprising unanimity over a landmark new aviation accord with the United States that could reshape trans-Atlantic air services.

The ministers last month voted unanimously in favor of the treaty that would replace the basic country-to-country aviation agreements with the United States with a single agreement allowing European and U.S. airlines to fly between any points in the 27 E.U. nations and the United States.

Although most are calling the agreement an "open skies" agreement, it's not entirely that. But the pact also offers new freedoms for all-cargo airlines, allowing them to put together new routings including the United States, Europe and third countries.

With airlines, including European operators designated "community air carriers," able to launch new trade lanes, cargo operators can expect lower rates and E.U. officials in Brussels say added capacity could boost the trans-Atlantic air freight market 1 to 2 percent.

"This open skies agreements paves the way for much-desired increased service between the United

States and Europe," said James C. May, president of the Air Transport Association of America. "It has the potential to provide enormous benefits to our respective customers and economies."

Europe's ministers compromised somewhat to win over British objections to opening up the tight controls on rights at London Heathrow Airport, agreeing to delay implementation of the treaty until next March, when Heathrow's fifth passenger terminal is completed.

EGL in Play

What seemed like a done deal to have James Crane, chairman of EGL Eagle Global Logistics, buy out the company got much messier.

Private equity firm Apollo Management, which already owns rival operator CEVA Logistics, jumped in with a surprise proposal to raise the ante, saying it wanted to offer $40 a share in a $1.79 billion offer to take the publicly-traded forwarder private. That bested Crane's $38-a-share, $1.7 billion plan, potentially setting off a bidding war for what has become a tumultuous buyout effort of the second-largest forwarder based in the United States.

It gave the EGL special board committee it formed to evaluate Crane's offer an alternative bid, one that came in after Crane had to find new financial backers after his first partners pulled out because of poor financial returns at the company.

But Apollo's late effort is more complicated. EGL says the agreement with Crane includes a $30 million "break-up" payment to Crane and his partners and another $15 million "transaction fee" if EGL switches.

This was happening as the EGL operation itself was undergoing a management upheaval. In the midst of the buyout battle, EGL said its chief financial officer, Charles Leonard, resigned, and the company hired and promoted four other executives to senior posts.

Three of those, including new Chief Accounting Officer Michael Slaughter, were longtime EGL officials. But Crane also brought in William W. LaMothe, the onetime chief sales and marketing officer at contract logistics giant Exel, to head global logistics, shoring up an international staff that now also includes former Panalpina President Bruno Sidler.

IATA Rally

His message to industry and governments at the opening of the International Air Transport Association's World Cargo Symposium in Mexico City had all the evangelical fervor needed to convince non-believers or agnostics.

Director General Giovanni Bisignani recommended the adoption of the association's e-freight initiative by 2010; risk-based security measures globally; and the development of a realistic approach to improving the environment. These are the major challenges facing industry and governments, said IATA's top official.

But getting industry wide support for IATA's e-freight initiative may be the most difficult challenge, if past comments from industry leaders are any indication.

Said Bisignani: "The benefits are clear, the plan is in place, the industry is committed and we are on target to deliver, where viable, by 2010," he said.

He said the e-freight initiative will be operational by the end of 2007 in Canada, Singapore, Hong Kong, the Netherlands and the United Kingdom.

During the Mexico City meeting IATA signed a memorandum of understanding with the Universal Postal Union to develop standards and increase the use of technology to improve air mail flows.

Minimal Growth

The Airport Council International's forecast of minimal freight traffic growth over the next 19 years differs somewhat from other more bullish prognostications.

In its Global Traffic Forecast, ACI predicts an average traffic growth rate of 5.4 percent between 2006 and 2025. Most other forecasts predict traffic growth between 6 percent and 6.5 percent.

The Asia/Pacific region is expected to lead the regions in traffic growth, averaging 6.5 percent growth per year, driven primarily by China and India. "But cargo flows are predicted to remain unbalanced, with most freight volume outbound from Asia," said ACI.

North America is expected to grow slower than other regions at 4.4 percent, while the Middle East enjoys a 5.4 percent average growth rate, due to high oil prices and the development of new hubs.

Total aircraft movements are predicted to nearly double by 2025, demanding not only new infrastructure but updated en-route and terminal air traffic control systems.

Stopping Orders

The order book for 747-400s is closed. With its follow-on 747-8

News Updates

gaining customers, Boeing officially closed down sales of what for years has been the largest freighter aircraft in scheduled commercial service.

Boeing has 37 freighter orders still in the production line but the last of the manufacturer's 450 passenger editions was delivered in 2002.

The company has produced 128 747-400 freighters, including the standard model and the extended-range version, at its Everett, Wash. The first delivered to Air France in the early 1990s after Cargolux deferred its launch order in the midst of an industry downturn.

By Boeing's estimate, 747-400 freighters haul anywhere from 13 percent to 20 percent of all world air cargo traffic.

The plane can carry 124 tonnes some 4,400 nautical miles and remains the largest aircraft in commercial service — until Airbus rolls its A380 into service.

Flying DHL

DHL is signaling an upgrade in its North American capacity with its order for six 767-300 extended-range freighters, including the capability to do more international flying out of the United States.

The express carrier ordered six new aircraft worth $894 million under list prices, for delivery starting in 2009.

DHL says the planes will be used in the United States, where it uses two airlines as its sub-service fliers because the company cannot fly on its own within the United States. Contract airlines ABX Air and Astar Air Cargo both have been seeking to diversify their operations to make them less dependent on DHL.

"We at DHL are in the comfortable position to have alternatives to choose from," said Martin Dopychai, a DHL spokesman in Bonn, "and we will take our time to diligently consider them and make a decision then. The deliveries will begin in 2009, so there is plenty of time to consider this question from different angles very carefully."

Although the twin-engine widebody can fit on longer domestic routes, most experts see it as more ideal for international routes such as those between the United States and Europe or Latin America. DHL now is focused almost entirely on using other carriers for its international lift in and out of the United States.

Still toting up big losses in its U.S. operations, DHL appears to be stepping up its focus on international connections to the country. DHL last month opened an international gateway in Merida, on Mexico's Yucatan Peninsula and said the site would meet the needs of DHL customers shipping across the U.S.-Mexico border, which is far to the north.

Boeing, meantime, isn't standing pat on the orders for factory-built 767 freighters.

Boeing, meanwhile, signed a deal last month to have ST Aviation Services, an arm of Singapore Technologies Engineering, perform passenger-to-freighter conversions of 767-300s. All Nippon Airways is the launch customer for the aircraft, which has capacity for 60 tons and range of about 3,200 nautical miles.

Yangtze Flies

Yangtze River Express Airlines, the joint venture cargo carrier of Taiwan China Airlines and Hainan Air, took a step closer to linking Shanghai to major U.S. markets with the U.S. Department of Transportation granting of exemption authority to the carrier.

The authority allows the airline to operate for a year between Shanghai, and Anchorage, Los Angeles, Boston and New York's Kennedy International. The authority is automatically renewed after the year or if DOT issues permanent authority, which the airline requested.

Since early June 2006, Yangtze River has operated between China and Los Angeles through Anchorage. Service to Boston and New York was to have started March 7, said George N. Tompkins, Jr, an attorney representing the freight airline.

The authority lists the cities as "co terminals," which means Yangtze

can operate from Shanghai to any one or all of the cities mentioned. "This allows you to drop off cargo in Anchorage and continue on to Los Angeles and drop off cargo there," said Tompkins.

The authority is limited to the 747-200s wet-leased from Air Atlanta Icelandic and Tradewinds Airlines.

World Loses

With financial losses for World Airways parent World Air Holdings looming, a disgruntled shareholder is stepping up efforts to add new board members and new oversight to the company.

In a letter to the company last month, private investment group Clinton Multistrategy Master Fund said it was "extremely disappointed" in the performance of the company and the way it communicates with shareholders.

"It seems clear to us, and we believe to much of your shareholder base, that changes a the company are required to both protect the franchise value of World Air" and assure shareholder interests are protected, the letter said.

The group, headed by Conrad Bringsjord, owns 5.3 percent of World's shares and has put up three of its own candidates to join the board of directors. One of those candidates had been former U.S. Sen. John Breaux of Louisiana, but he backed away recently.

The letter came after World once again delayed filing its financial report for the third quarter and said the delay meant the fourth quarter and full-year report also would be delayed. World said it projected a loss of up to $6 million in the fourth quarter and an operating loss of up to $4 million for the full year.

The troubles have come since World bought North American Airlines, a passenger airline with 767s and 757s, as an attempt to branch out of its business using MD-11s for passenger and cargo leased and charter operations. ■

Regional Reports

NORTH AMERICA

Restructured Retirement

FedEx is joining the long list of companies overhauling pension plans to save money, but the move may bring labor pain

FedEx is moving to "modernize" its retirement plans for most of its fulltime employees in what industry observers say may be a prudent business move but one that likely will prompt unions to throttle up their organizing drives there — something the company has long fought. The move certainly appears to have further soured relations between employees and management, according to various sources.

By Robert W. Moorman

Responding to changes in U.S. pension law, accounting rules and worker demographics, FedEx unveiled a sweeping change in its pension programs effective next year. It will move the company away from defined benefits into cash-balance accounts for workers, a change FedEx says will have the company spending about the same amount on retirement plans but which also has prompted a heated response in the company.

Although the new retirement measures call for increases to the 401K plan, and the introduction of the flexible Portable Pension Account, employees could view this latest move as a stick in the eye by management. Employees say privately they can't understand why a successful company with a very strong balance sheet, and with some $986 million in net profits over the first six months of its current fiscal year, needs to drop the defined benefit plan for between 160,000 and 170,000 full-time employees.

But that is exactly the point, according to one labor relations expert. "I know it sounds counter-intuitive, but the best time to make these changes is when your company is strong," said Jerry Glass, president of F&H Solutions, a human resources and labor consulting firm. "When your company is weak and this change comes, said Glass, "it generally follows that the defined benefit plan is severally underfunded and you wind up further jeopardizing your benefit."

Neither Air Line Pilots Association, which last fall ratified a new four-year contract for 4,700 FedEx Express pilots, nor the Teamsters, which represent a small contingent of contractor drivers in Wilmington, Mass., would be interviewed for this article.

But the International Association of Machinists and Aerospace Workers, which is in talks with FedEx drivers, warehouse workers, package handlers and mechanics system wide about representation, has plenty to say.

"This is just another attempt by FedEx to further separate itself from any long-term responsibility to its employees," said Rich Michalski, general vice president of IAMAW.

Short Shrift

One union, which declined to be named but has followed FedEx closely over the years, calculated the new Portable Pension Account is worth 25 cents on the dollar. That 75 percent reduction in company paid pension contributions will be offset somewhat by the company's increased contribution to the 401K plan, said the union official.

FedEx also declined to be interviewed for this article but said in a statement it is acting because "the retirement landscape is shifting dramatically."

"FedEx is making necessary changes to ensure that the company will remain competitive and help our employees prepare for a comfortable retirement," FedEx Chief Financial Officer Alan B. Graf Jr. said in announcing the change.

FedEx is hardly alone in altering pension plans as the U.S. population ages and debates over employer funding of retirement plans grow.

The number of active U.S. workers participating in defined benefit pension plans has declined from a high of 22.2 million workers in 1988 to 16.2 million, according to the Washington-based Employee Benefit Research Institute.

Under the new program, eligible FedEx employees who participate in the PPA will begin accruing benefits under a cash balance formula beginning June 1, 2008. Any benefit already accrued under the traditional pension plan will be capped on May 31, 2008, and will be payable monthly upon retirement.

Employees will be allowed to take their vested benefits when they leave the company. Employees are vested after three years of service compared to five years under the current system, and the changes do not affect current retirees.

FedEx also will enhance the 401K plan under the new formula. But sources who follow the company expect the company's contribution to be capped at 3.5 percent annually, close to what FedEx used to pay into the profit sharing plan before it was shelved over four years ago.

Life Changes

Labor unions say the Pension Protection Act was designed to provide relief to financially troubled companies from having to contribute to pension plans. But Glass said the law also stipulates how much of a contribution must be made to pensions and alters the mechanism for doing so, which he said carriers believe is "onerous and far more complex."

Still, FedEx is taking a gamble by introducing a new pension plan at a time when the company is posting record earnings, industry observers say. Altering the pension plan risks alienating full-time employees as well as the independents, or contractors, including those targeted for organization by labor.

FedEx Ground contractor drivers so far have filed 40 lawsuits in 27 states, according to the IAMAW. The lawsuits seek class action status to cover as many as 7,000 current and former drivers, half the estimated 14,000 contractor drivers in the U.S. Puerto Rico and Canada, said the IAMAW.

But the change in retirement also represents an attempt to save costs and remain competitive in today's marketplace. Pilot pension plans at Northwest and United airlines and Delta Air Lines were slashed under bankruptcy reorganization. But those carriers were in the hole financially and FedEx is thriving. Which could be why FedEx employees are in no mood to part with their pensions.

... Briefly

U.S. airlines saw cargo traffic edge up 2.1 percent in January, extending a stagnant streak for the airlines that started last fall. According to the **Air Transport Association**, domestic business was up 2 percent, the best growth since last August, but Pacific air cargo trade fell 2.7 percent, the third time in the last five months that business has declined. ... **Kitty Hawk** signed a one-year contract to wet-lease a 727 freighter to **H.E. Sutton Forwarding** for the transport of horses within the United States. The plane and crew will be based in Lexington, Ky., and Kitty Hawk said the contract was worth $2.7 million. ... New York's **Kennedy International Airport** reported its strongest monthly gain in freight traffic in nearly two years in November, growing 5.5 percent over the same month the year before, but tonnage for the first 11 months of the year was still off 1.1 percent from the same period in 2005. ... **UPS** will create a new pilot domicile in Anchorage, Alaska, for 80 MD-11 pilots, part of an expansion project at the airport aimed at improving flexibility at the key trans-Pacific gateway and trans-shipment center. ... **Iberia Airlines** this spring will start five-times-weekly A340-500 flights between Madrid and Boston, adding 15 tonnes of cargo capacity on a route with strong potential demand for seafood shipping. ... **US Airways** named Philadelphia as its planned departure point for Shanghai service the airline is applying for this year. The city is the largest metropolitan area in the United States without non-stop

Asia service. … Road feeder operator and forwarder **Sterling Transportation** won authority to operate a bonded container freight station at Los Angeles International Airport. … **Utilicraft Aerospace Industries** chose contractor **Flintco** to build a $4.8 million aircraft hangar and testing facility near Albuquerque, N.M., for Utilicraft's FF-1080-300 small freighter. The Albuquerque, N.M.-based company also is beginning its pre-production sales and leasing campaign for the twin-engine, single-propeller driven small freighter. … **CAL Cargo Airlines** will use **Towne Air Freight** for trucking line haul connections between Chicago and CAL's 747-freighter operation in New York. … Los Angeles-based **Consolidators International** will launch a domestic division with transport options from air to trucks and rail. … Cargo traffic at **San Francisco International Airport** grew 1.7 percent in 2006 but mail was down 6.6 percent, including a 58 percent drop in domestic mail traffic in December. … **Cargo Connection Logistics**, a container freight station operator based in New York, said its sales rose 21 percent in 2006 and that it had eliminated some of the "toxic funding that we believe has hampered our growth." CEO Jesse Dobrinsky said he is working to "build relationships" needed for expanded Pacific Rim business. … Forwarder **Target Logistics** saw gross revenue edge up slightly in its fiscal second quarter ending Dec. 31, 2006 to $47.6 million and the "absence of the normal peak season" helped cut the net profit 40 percent to $589,504. The forwarder projects revenue to grow between 15 and 22 percent over the January-June period, however. … Regional freighter operator **Alpine Air Express** locked in its fuel prices for 2007 in February. … Real estate manager **Haith & Co.** will expand **Forward Air's** trucking facility at **Kansas City International Airport** from 30,000 square feet to 50,000 square feet, giving the air freight trucker 70 dock doors. ■

EUROPE

New Players

Brussels hosts a growing cadre of new all-cargo airlines and each has a separate strategy for growth

One can never have enough cargo carriers in Belgium, it seems. The euro state is nurturing the birth of no less than three fledgling cargo airlines. Apparently all are determined to grab a share of the same market.

The start-up to watch could be Cargo B Airlines, which expects to begin operations in October with two leased 747-200 freighters. The aircraft are owned by 3P Air Freighters, an investment arm of Belgian bank, Petercam. A third freighter is planned for April 2008.

Most noteworthy about Cargo B is that Rob Kuijpers, former CEO of DHL Worldwide Express, will head the opeation.

"We see this as a golden opportunity in the Belgian market, which is singularly lacking in maindeck capacity," said Kuijpers. "There is also limited widebodied belly space following the demise of national carrier Sabena, which has not been replaced even with the launch of SN Brussels Airlines, which also has a more limited network."

After departing DHL, Kuijpers was for nearly four years executive chairman of SN Brussels. He resigned in September 2005 over apparent disagreements over future strategy.

Kuijpers believes his time with DHL will serve him best in launching Cargo B. It's not incidental, admits the former DHL executive, that the express operator will soon relocate its main European hub from Brussels to Leipzig in Germany.

"This will obviously leave a large capacity vacuum at Brussels, because DHL, besides handling its own express traffic, was also a significant provider of general cargo capacity for other carriers."

By Roger Turney

Kuijpers sees DHL's departure from Brussels as an ideal opportunity to enlist top-flight staff for his airline as well. DHL announced its departure from Brussels after failing to persuade the Belgian government not to impose a total nighttime flight ban. It was Kuijpers, it turns out, who fought on behalf of his former employer.

"I can't believe the Belgian government intends to sacrifice up to 6,000 jobs," he said.

Kuijpers insists the now-imposed night flight ban will not hurt Cargo B. "The strong likelihood is that we will begin with a rotation to points in West Africa, before continuing on to Johannesburg or Nairobi to pick up return loads of perishables," he said.

"Ideally we would have purchased MD-11Fs, but they get snapped up straightaway by the big boys."

Initially, this will be a one aircraft operation, with the second aircraft on standby.

"After Africa, we want to launch a similar operation to South America, carrying hard freight to, say, Sao Paulo and again returning with perishables by way of Quito or Bogotá," he said.

From 2010, Kuijpers' strategy calls for the Cargo B fleet to be replaced with newer equipment, but he doesn't expect the fleet to grow beyond four or five aircraft.

Gorilla Competes

Another would-be Belgian cargo carrier is Silverfleet Airlines. Rather than wait for DHL to exit Brussels, the beast took advantage of the express operator's existing operation. Since January, Silverfleet has purchased block space on a four-times-weekly DHL DC-10 freighter flight between Brussels and Lagos, Nigeria.

Silverfleet GM Eduard Braken said this available capacity on DHL provided an immediate entry to Africa with up to four ULD positions on each flight.

"We've had delays initiating our own operation, so this has proved to be a very good interim solution," said Braken.

Silverfleet intends to enter the African cargo market for real this month with a 747-200 freighter leased from Evergreen Airlines.

"The original concept was to operate southbound services to Lagos and Brazzaville in the Congo and return by way of Johannesburg or Nairobi with perishables," but that was not cost effective, said Braken.

Silverfleet is the main shareholder of Brazzaville-based carrier Finalair. "The intention now is to use Finalair's (operating certificate) to operate internal routes within Africa, probably using a DC-8 freighter," said Braken. "These operations would then feed 747F flights to and from Brazzaville."

Braken, another Dutchman, with a background as a forwarder and general sales agent, is anxious to make an impact with his Belgian start-up.

"We want to raise the profile of our carrier beyond that of just serving the African market," said Braken. "Which is why we've started a weekly B747 freighter operation between Brussels and New York JFK.

"You only have to see what's happening in the Belgium market, with freight being trucked across the borders to France, Luxembourg, even the U.K., because of the lack of maindeck capacity out of Brussels. We want to get some of that business back."

Perhaps the most unusual Belgian cargo start-up is Connexus Air, headed not by a Dutchman, but an Australian.

Anthony Martin is chairman and owner of Connexus, an aircraft maintenance company based at Liege airport, near Belgium.

Martin said he plans to purchase three DC-10 freighters, initially for use on long-haul services, and three 727 freighters to provide regional lift.

"Ideally we would have liked to have purchased MD-11Fs, but they get snapped up straightaway by the big boys," said Martin.

He said the airline would operate from Liege, with flights to West and Central Africa. Perishables will be the main commodity on return flights.

Can the DC-10 freighters be profitable? "We believe we can by serving offline points, where shippers are prepared to pay a few cents more to avoid on forwarding and onward trucking charges," said Martin.

All the start-ups cite market conditions, but the greatest development in the market in recent months hasn't been on the demand side but on the capacity side. No doubt Belgium's three start-ups were influenced by the European Union's flight ban of several African cargo carriers over safety concerns raised by their continued use of a motley assortment of aging equipment.

Footnote: *Das Air Cargo, the African cargo carrier banned from EU space over safety concerns (*Air Cargo World*, March 2007) had its ban lifted. Frank Wright, director of flight operations said the Uganda-based airline plan to resume Europe service soon with three DC-10 freighters.*

Lufthansa Pays

Lufthansa Cargo is projecting stronger returns this year after rising costs, including the airline's settlement in lawsuits over allegations of price-fixing, dragged down earnings in 2006.

The world's second-largest international cargo airline, Lufthansa earned a $108.3 million operating profit last year, down from $143.8 million the year before. The airline's revenue jumped 3.4 percent to $3.78 billion as overall tonnage pushed up while cargo yield edged down slightly.

But higher costs were more of a drag on earnings, the airline said.

Lufthansa last September agreed to pay $85 million in the United States and $5.3 million in Canada to settle class-action suits filed in the wake of investigations in North America and Europe of alleged collusion among airlines in cargo surcharges.

Lufthansa says its fuel costs soared 18.5 percent in 2006 to more than $660 million.

The airline is projecting a "significantly higher" profit this year despite what it says are ongoing challenges in the market and at its main hub in Frankfurt, where the carrier is contending with proposals for tougher environmental restrictions.

"In the next few years we would use market chances and invest substantially in the Frankfurt base. But that will only be possible with the right underlying conditions for our operations at Europe's biggest air cargo hub," said Lufthansa Cargo Chairman Carsten Spohr.

... Briefly

After a stagnant 2006, European air cargo traffic took a turn downward in January compared to the same month a year ago. The **European Airline Association** said traffic to the Far East, Europe's largest freigtht market, fell 5.3 percent and business on the No. 2 North Atlantic lanes fell 5.4 percent. ... French logistics company **Geodis** said its net profit grew 50 percent in 2006 to $64 million on a 5.3 percent gain in gross sales, to $5 billion. The company, partly owned by France's SCNF Railway, set new performance targets to raise turnover 40 percent and to double its operating profit and improve margins from 2.8 percent to 4 percent. ... **Finnair** led Europe's top-tier carriers in cargo growth in 2006 with a 15.7 percent gain in freight traffic, with a little more than a 408 million freight tonne kilometers flown. **Virgin Atlantic Airways** saw traffic grow 15.1 percent over 2005. ... Cargo traffic at **Frankfurt Airport** in January 2007 rose 2.6 percent over the previous year to 149,221 tonnes. ... **AirBridge Cargo** started twice-weekly 747 freighter flights between Frankfurt and St. Petersburg. ... As part of its re-fleeting efforts, **Cargolux** closed the sale lease-back transaction by way of Luxembourg-based **Freighter Leasing**, an aircraft joint venture in which Cargolux holds a one-third interest. ... **Kuehne + Nagel** moved its Northeast Europe region headquarters from Warsaw to Moscow and planned to add more than 3.2 million square feet of logistics space across Russia in the next three years as part of a broad expansion plan in the country. New facilities are planned this year include warehouses in St. Petersburg and Vladivostok. ... **US Airways** switched handlers in Amsterdam to **WFS**. ... Cargo traffic at Copenhagen Airport expanded 7.5 percent in 2006 to 380,000 tonnes. ... **Croatia Airways** named **Global Airline Services** its cargo general sales agent for the Netherlands. ... **Cargolux** added a third weekly 747-400 flight, on Saturdays, to Brazil's **Viracopos-Campinas Airport**. ... Launch of new airlines with larger equipment, and growth of domestic cargo service, contributed to a 6.8 percent year-on-year traffic increase of 126,300 tonnes at Moscow's **Domodedovo Airport**. ... Sofia, Bulgaria-based **M&M Air Cargo Service** is the latest customer for EL-WIS, a tracking, ground handling and accounting system of **Lufthansa Systems**. ... **Rutges Cargo** launched an express service called "Urgent" for deliveries in the London area. ... **Cyprus Airways** started weekly 747 freighter flights between Lanarca and Brussels. ■

PACIFIC

Singapore Startup

With Nippon Cargo in the background, Jett8 finds open skies for starting freighter service

Like several other major international carriers, Japan Airlines is mulling over the possibility of establishing a joint venture cargo airline in China. But rival Nippon Cargo Airlines is eschewing that strategy and hooking up with a new entrant in the seemingly unlikely venue of Singapore. And instead of equipping the fledgling partner with new 747-400 freighters, NCA is giving its older 747-200 to the new operator.

According to Chairman and Chief Executive Officer Louis Tan, a former Singapore Airlines pilot, Jett8 Airlines Cargo is going to take off during the second quarter of the year. To avoid head-on competition with his former employer – one of the top international cargo airlines in the world – Tan wants to position the fledgling carrier in the charter market rather than to go after scheduled operations.

By Ian Putzger

This does not mean an ad hoc business model, however.

Tan and his partners have given clear indications where they want to deploy their aircraft. The first sector on the agenda is the Singapore-Hong Kong route, to be followed by Manchester, United Kingdom, through Dubai, and Indonesia.

In the long run, Tan envisions operations within Southeast Asia as well as service to Russia, India, the Middle East, Europe and North America. The plan is helped by Singapore's open skies agreements with the European Union, the United States and India, and a liberalized aviation regime with China. Singapore's Senior Minister Goh Chok Tong recently urged leaders of the Association of South East Asian Nations to speed up the liberalization of aviation in the region and establish full open skies within the next 10 years.

And carrying the flag for the greater air trade that liberal aviation treaties can bring is the little freighter airline with one foot in Singapore and one foot in the more controlled market of Japan.

Fleet Figures

Although the United States figures in Tan's plans, he harbors no illusions about an early launch of flights across the Pacific.

To do so, he needs 747-400 freighters, preferably on a dry lease basis. But demand for the aircraft has pushed leasing rates into the stratosphere. For the foreseeable future, Jett8 is going to build its business on older, less-efficient 747-200. Other Asian carriers have started to phase the type out of their fleets as the high cost of jet fuel undermines its economics, but Jett8 claims it still can make the 747-200F work on long haul sectors, thanks to the company's lower operating costs compared to the likes of Singapore Airlines.

The new entrant's first 747-200 freighter will come from NCA, which is replacing its747 -200s with 747-400 and 747-8 models under a sweeping revamp that kicked off in the fall of 2005.

The change-out follows a change in the Japanese cargo airline's ownership. As All Nippon Airways sold off its 27.6 percent stake in NCA to pursue its own freighter ambitions in a joint venture with Japan Post, NYK Line snapped up the available shares to double its holding in the cargo carrier. NYK is also involved in the partnership with Jett8, which goes well beyond supplying aging freighters.

Block Sales

While NYK has been pursuing an equity position in Jett8, NCA has signed a deal with Tan and his partners that gives the Japanese carrier block space on Jett8 flights and makes it the Singaporean carrier's sole general sales agent.

According to Hiroyuki Homma, a senior manager in business strategy at NCA, the Japanese carrier will represent Jett8 in all the start-up's markets. The details of the block space agreement are still being negotiated, he said.

"This business collaboration will not only enhance our network via (Singapore) and (Hong Kong), but also acquire direct access to the fast growing trades between Asia and the U.S.A. and Europe," Homma said.

NCA has been eager to boost its capacity through partnerships, as it is not increasing its lift in the fleet restructure.

Last year, the airline signed a code share agreement with Air Bridge Cargo for Japan-Europe service through Krasnoyarsk, the Russian carrier's Siberian hub. The deal also made NCA Air Bridge's sales agent in Japan.

For Jett8, NCA means a source of freighters, sales representation and some guaranteed block space. Tan only has to look across the border with Malaysia to see the benefit of a fledgling carrier teaming up with a powerful partner. Malaysian all-cargo operator Transmile has accomplished its growth chiefly through serving the integrators, first and foremost DHL.

Forwarders, meantime, welcome the prospect of fresh capacity out of Singapore. According to Chris Coppersmith, chief executive of Target Logistics, finding lift for regular air freight has been difficult. "Premium capacity is adequate. If you want deferred space, that's challenging," he said.

A low-cost cargo airline should fit that bill perfectly.

... Briefly

Cargo traffic for Asia-Pacific carriers grew 1.3 percent in January, the worst monthly performance since May 2003. Capacity increased 3.8 percent over the same month a year ago, according to the **Association of Asia-Pacific Airlines**. ... Industrial production in China grew 18.5 percent in January and February, accelerating from the 14.7 percent growth in December, and automobile production was up 21.5 percent in the first two months of the year compared to last year. ... With delivery of its third 747-400 extended-range freighter, **Jade Cargo International** added four destinations to its flight schedule: Shanghai-Pudong, Luxembourg, Leipzig and Stockholm. ... **FedEx** completed the buyout of the **DTW Group** domestic express network in China for $400 million. ... **Asia Airfreight Terminal** opened its second cargo terminal at **Hong Kong International Airport**, a 1.4 million-square-foot facility with four stories of warehouse capacity, two levels of airside access, an RFID tracking system. The pallet and container handling station has four elevated transfer vehicles and 1,000 storage positions. ... **Maskargo** exceeded its profit target for 2006 of $42.8 million, according to the carrier, and Malaysia Airlines overall posted a $39 million loss for the year ended Dec. 26 after a $326 million net loss in 2005. ... **Singapore Airlines'** cargo traffic grew 2.3 percent in the fourth quarter, behind an 8 percent boost in capacity. The capacity gain came because two freighters leased to **Great Wall Airlines** went back to SIA while Great Wall's cargo flights were suspended. ... **Korean Air**, **Japan Airlines** and **Cathay Pacific Airways** adopted Web-based Ezypost, a product of **Ezyfreight**, as their operating system to comply with the requirements of various post office authorities worldwide. ... American forwarder **SEKO's** India business expanded operations in Mumbai and will add a station in Chennai. ... Athletic equipment distributor Runner's World awarded **Menlo Worldwide** a turnkey contract to establish and run a regional distribution center in Singapore. ... **Cathay Pacific** cargo traffic grew 7.3 percent in 2006, although growth slowed to 3.6 percent in December. Capacity for the year was up 5.2 percent. Cathay added weekly freighter flights to Amsterdam, Frankfurt and Manchester. ■

Feature Focus:
Project Cargo

When Alexey Isaikin, president of Russia's Volga-Dnepr Group, told the International Air Cargo Forum last fall that he expects the market for outsized air freight to reach $7.2 billion in the next quarter century, the forecast by some measures was a rare understatement of the growing profile of the business.

Many industry experts forecast the project air cargo business will grow at a roughly 7 percent annual rate over the next 20 years, well ahead of the 6.1 percent average annual growth for the overall air cargo indsutry forecast by Boeing. Isaikin says the expansion will push the niche business from some 1.5 percent of the overall air cargo market today to around 7 percent of global air freight by 2030.

And by other measures, including the value of the goods being shipped, the operations now largely built around the hulking AN-124s built in what was then the Soviet Union, the larger economic impact around the world may be far greater.

Myron Stokes, managing member of Florida-based Global HeavyLift Holdings, notes studies conducted by Boeing and the U.S. Air Force of 17 projects showed a total value of $400 billion for operators of outsized air cargo aircraft. "And when you add in those (projects) that were not studied, the aggregate value exceeds $1 trillion," he said.

Oversized

The outsized air cargo market is growing rapidly,

Ambition
but are more aircraft needed to carry the loads?

by Douglas Nelms

It's a different way of valuing the market, and in some ways the difference is at the heart of the varying attempts to build the project cargo business, efforts being undertaken in the United States and in Russia, where the outsized commercial cargo market was nurtured.

Formed in 2002 as a "strategic air transport solutions entity," Global HeavyLift Holdings is trying to acquire a fleet of C-17s, either 30 new from manufacturer Boeing or 60 used from the U.S. Air Force, or a combination of both. The idea is to push the military aircraft into commercial use as what would be called the BC-17.

"If we were flying today with the C-17, there would be $3 billion worth of business per annum. Just the diamond mines in the north of Canada alone can support a fleet of 10 C-17s for the next 20 years," he said. "Right now the (worldwide) heavy and outsized market will support up to 100 BC-17s."

The idea for the BC-17 has arisen several times over the past decade as the project cargo market has grown at a fast pace.

Many air cargo experts remain skeptical the U.S. aircraft can push into the Russian plane's airspace, however. One official says the case studies that seek to prove the C-17's commercial potential are basically white paper exercises rather than rigorous project analysis. The paper tatters, says David Pulk, president of EP-Team, a Dallas-based company focused on the oversized cargo market, when price and availability are figured in.

Where it used to be axiomatic that shipping by land or sea was most cost effective, Pulk says many of the industrial manufacturers, oil and gas companies that depend on project cargo believe getting a project up and running is more economically viable. This includes the cost due to penalties for delays, disruption of project schedule and the cost of goods and the money involved.

"Generally speaking, the outsized market is growing because we are seeing more volume of big things that do not make sense to take apart to move around the globe — power projects, telecom projects, whatever it might be," said David Hoppin, managing director of MergeGlobal, an Arlington, Va.-based consulting company.

This is particularly true in the oil and gas industry. Due to worldwide increasing energy security concerns, and increased oil prices, the industry anticipates a $1 trillion investment in exploration and production over the next 10 years merely to meet anticipated global demand.

"Oil companies carefully weigh costs of transporting a project in a built and ready to use and install form, versus more traditional methods of moving equipment by disassembling the unit, loading it into containers and re-assembling at site," said Neil Johnson, EP-Team's Singapore-based vice president and director. "By shipping the cargo at full-scale size, many customers realize they can in fact save time and, consequently, money.

"If a drilling contractor can get to site and in operation in days rather than weeks, or a refinery built in five years rather than eight transportation costs are mitigated by the 'time is money' concept," he said.

Although many businesses make significant use of project air cargo transport, Pulk said, "Firms involved in engineering and construction, power generation, mining, aerospace and communications are expected to increase their requirements, and need to utilize the same finite transport capabilities across the global supply chain."

"The outsized air cargo market is a business looking for capital."

The very nature of the transport is causing the biggest problem in over-sized air cargo. This market is defined by size, not weight, negating the ability of large freighter operators to just pull one off the line for an ad hoc charter.

"The limiting factor is the door," Hoppin said. The side door of the 747 restricts loading outsized cargo, either too high or too wide or too long to fit in the side door, or too high for nose loading.

And that's the conundrum. Outsized cargo is an on-demand, ad hoc business with virtually no guarantees for capital investors.

"The outsized air cargo market is a business looking for capital," said Don Berry, vice president, strategic development and planning for Expeditionary Global Logistics, a Frisco, Texas-based logistics company. "The capital is going to come when investors see there is enough business there for them to get their return on investment. The market is going to be driven by investors who have the confidence that there is enough business in the day-to-day realm to cross it from an ad hoc solution to more of a systemic solution."

This was seen several years ago when Antonov Airlines dropped its agreement with Air Foyle HeavyLift, leaving it with no aircraft to market, and no investors. Air Foyle HeavyLift went out of business.

Richard Aboulafia, vice president of analysis for the Fairfax, Va.-based Teal Group, said it is "a speculative and heavily subsidized market." Although "you can point to very high growth rates for outsized cargo," he said, "a lot of that is because of the availability of cheap AN-124s. The dilemma is how to translate this into cargo pricing that accounts for real cargo costs."

There are just over 20 commercial AN-124-100s in operation, operated by three carriers: Volga-Dnepr Airlines, the Antonov Design Bureau, or Antonov Airlines, and Polet Airlines. The only other operating commercial aircraft meeting outsized needs are the six-engine AN-225 — just one of those exists — and the IL-76.

Aircraft that are waiting in the wings, but are somewhat doubtful, are the advanced version AN-124, the re-engined IL-76TD-90VD, and the BC-17.

There are constant announcements of a relaunch of the AN-124, to be called the AN-124-100M-150, with two initially to be built from airframes left over when production was halted in the early 1990s. A joint venture, Cargo Aircraft Managing Co., was announced last December between Volga Dnepr Group and Motor Sich of the Ukraine to manage the relaunch of the AN-124. The improved aircraft would have an increased payload from 120 tons to about 165 tons. One -150 has been delivered, with a second reportedly to be put into service later this year.

The first IL-76TD-90VD, refitted to meet European environmental standards, was delivered back to Volga Dnepr and made its first commercial flight last February. A second is planned, although there is some question as to whether it, or additional AN-124-100M-150s, will ever see the light of day.

The primary problem with both of those aircraft they are expensive to upgrade. The Antonov production facilities in Kiev are reported to be antiquated in both production ability and techniques, with new AN-124 costs cited at around $120 million per copy.

As for the necessity of an upgraded IL-76, the sole purpose is to allow it to meet Stage 3/Chapter 3 noise limitations. The International Civil Aviation Organization noise standards basically relate only to North America and Western Europe, so there are still a lot of places in the world where the older, noisier aircraft can operate. This obviously greatly reduces the need to spend millions of dollars on new engines.

But since greater availability means lower pricing, and since the people who would be building the added aircraft also operate them, they have a strong incentive to keep a cap on availability.

"If you own the capacity through one of those three operators, and you are able to control the market pricing based on the premium that you are able to gain because of the capability of your aircraft, why are you going to want to create more availability in the face of ad hoc work?" said Berry.

The viability of the commercialized C-17, or BC-17, is a matter of open dispute.

Boeing has said a commercial version is not economically viable without additional military orders — and authorization for additional USAF aircraft has not been approved beyond the 193 already on the books. Boeing also has said it is stopping procurement of parts for the C-17 pending confirmation of any future order beyond those currently authorized by the USAF.

Executives in the air cargo industry also question its commercial viability. The payload and range compare poorly to the AN-124. Backers insist its ability to handle rough landing strips outweighs those comparisons but that belies the project cargo's push toward greater acceptance, and more operations, in the developed world.

However, Boeing also said it has received "significant interest in the BC-17" from civilian companies, although it is keeping the names of potential customers confidential.

Two companies which interested

Aerospace Oversized

Oversized transport often makes for oversized relationships between project cargo carriers and their customers. That's because even though the business depends on charter arrangements rather than regular scheduled services, long-term planning and experience with particular customers and shipments carry heavy weight in project cargo.

Russia's Polet Airlines, one of the three major operators of AN-124 freighters, says its recent transport of the first fuselage of the new Russian regional jet SuperJet 100 was the result of a long-term relationship with Sukhoi, the Russian military jet manufacturer. It is one of several ongoing agreements Polet has in the aerospace field.

"Polet is a designated carrier for the Russian space agency and the preferred carrier for Airbus Transport International," the airline says.

The work for Airbus includes transport of the fuselage components for A320/321 aircraft and Polet also transports aircraft parts for regional aircraft manufacturers ATR and Bombardier.

In other cases, however, Boeing and Airbus have built or modified their own aircraft to handle the difficult transports for what is, after all, an extremely finite market. ■

FIRST-RATE PERFORMANCE


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The new 777 Freighter is a powerful extension of Boeing's leadership in providing over 90% of the world's freighter capacity. In addition to more than 100 tons of payload, the 777 offers operators unmatched freighter efficiency and range. Enabling customers to fly more cargo to more places, more profitably. To take their freight business further every day.
BOEING

in the BC-17 are Global HeavyLift and Cargo Force.

Stokes said Global HeavyLift has a letter of intent from the investment banking firm Oppenheimer and Company allowing it to pursue a needed $10.8 billion through a consortium of investors in the U.S., Europe and Asia. Under the Global HeavyLift proposal, the aircraft would be acquired through hoped-for U.S. congressional legislation allowing resale of used C-17s through what is called transformational recapitalization. This would allow Global HeavyLift to buy the used aircraft, with the money from the purchase going back into the USAF budget to buy newer model C-17s.

To reduce the cost of the aircraft, they would be listed as military surplus, with an exemption to federal regulations that requires the aircraft have civil certification.

"The aircraft would have a dual role," Stokes said. "In the event of a national emergency, especially if the aircraft were going into a hostile area, our crews would come out and Air Force crews would go in. But if there is emergency air or disaster relief, our crews would be called on to address those missions. So the de-militarization of the aircraft is going to be very modest. The commercial version of the aircraft is still 98.5 percent C-17."

Stokes said if Congress approves the resale of the Air Force C-17s, Global HeavyLift could start operating early next year. However, Boeing has said a civilian version of the C-17 could not be available until 2010.

Dale Hedrick, acting chief operating officer of Cargo Force, said the "combat expediency" of the aircraft makes it a valuable commercial aircraft. "The aircraft was designed for combat expediency, to land on runways close to the battle front, offload cargo quickly, and then be gone. By applying those same features to the commercial air freight industry, (the BC-17) becomes very capable."

Their plan is to develop a scheduled "less-than-truckload" concept, which "radically reduces the cost to each user," Hedrick said. ■

Region Focus: Middle East

Express freight carriers have plied their trade in the Middle East long before the two Iraq wars, long before there was the infrastructure to support the business, long before Dubai was dubbed a global center of commerce. Consider DHL, which entered the Middle East market in 1976.

"We continue to regard the Middle East as one of DHL's most important markets," said David Wild, DHL commercial director for the region. "Currently, we're experiencing record growth in most markets."

That should be no surprise. The booming oil-driven economies and significant investment throughout the region, particularly in Dubai, set the foundation for continued growth of express carriers and their partners.

The region led the world by far in freight growth last year, expanding 16.1 percent over the year before, according to the International Air Transport Association.

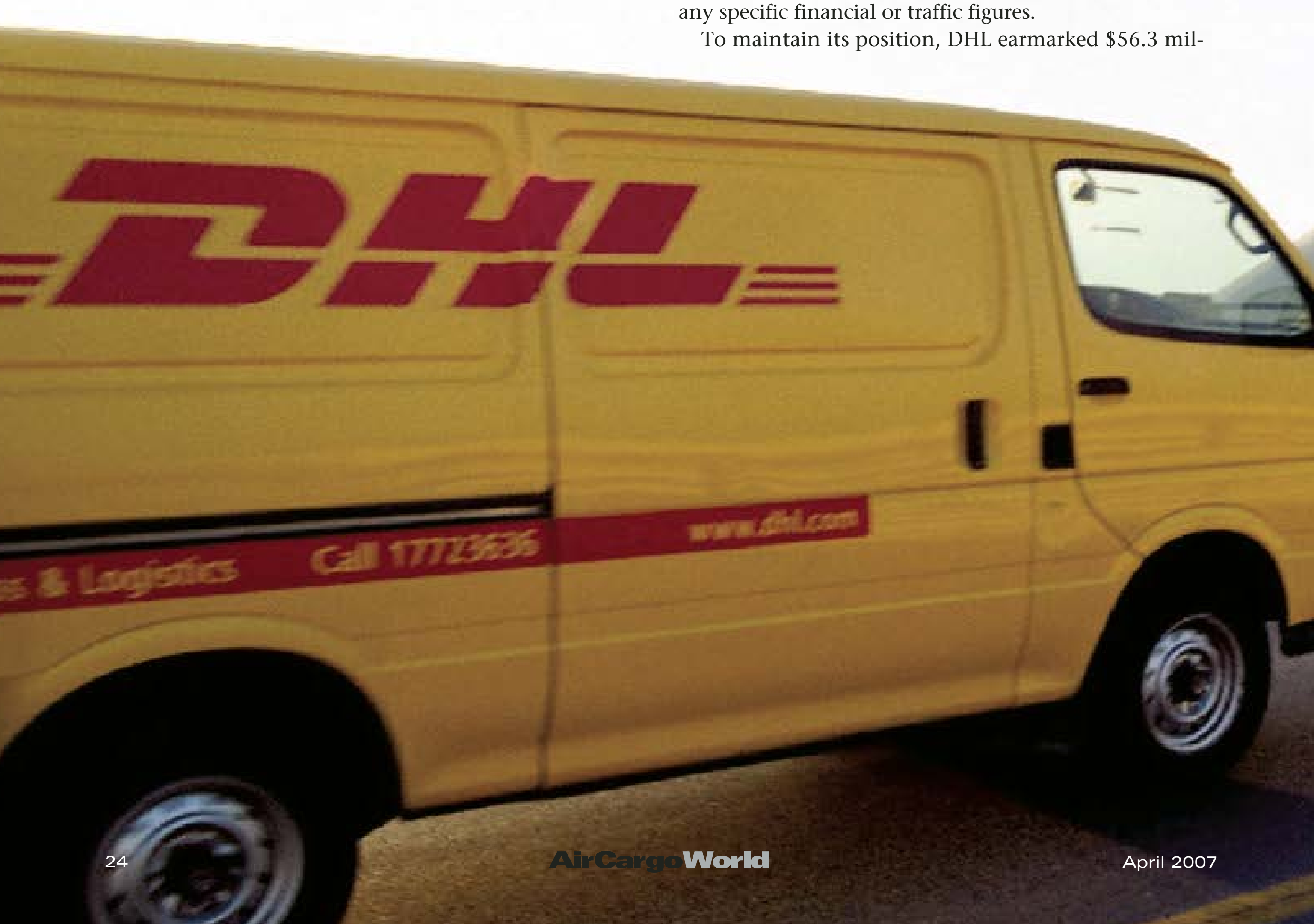
Recent infrastructure developments make it possible for the Middle East to serve as a bridge to Africa, Asia and Europe. But the growing story is that of growing domestic, consumer-driven economies that are helping drive more express business within the region.

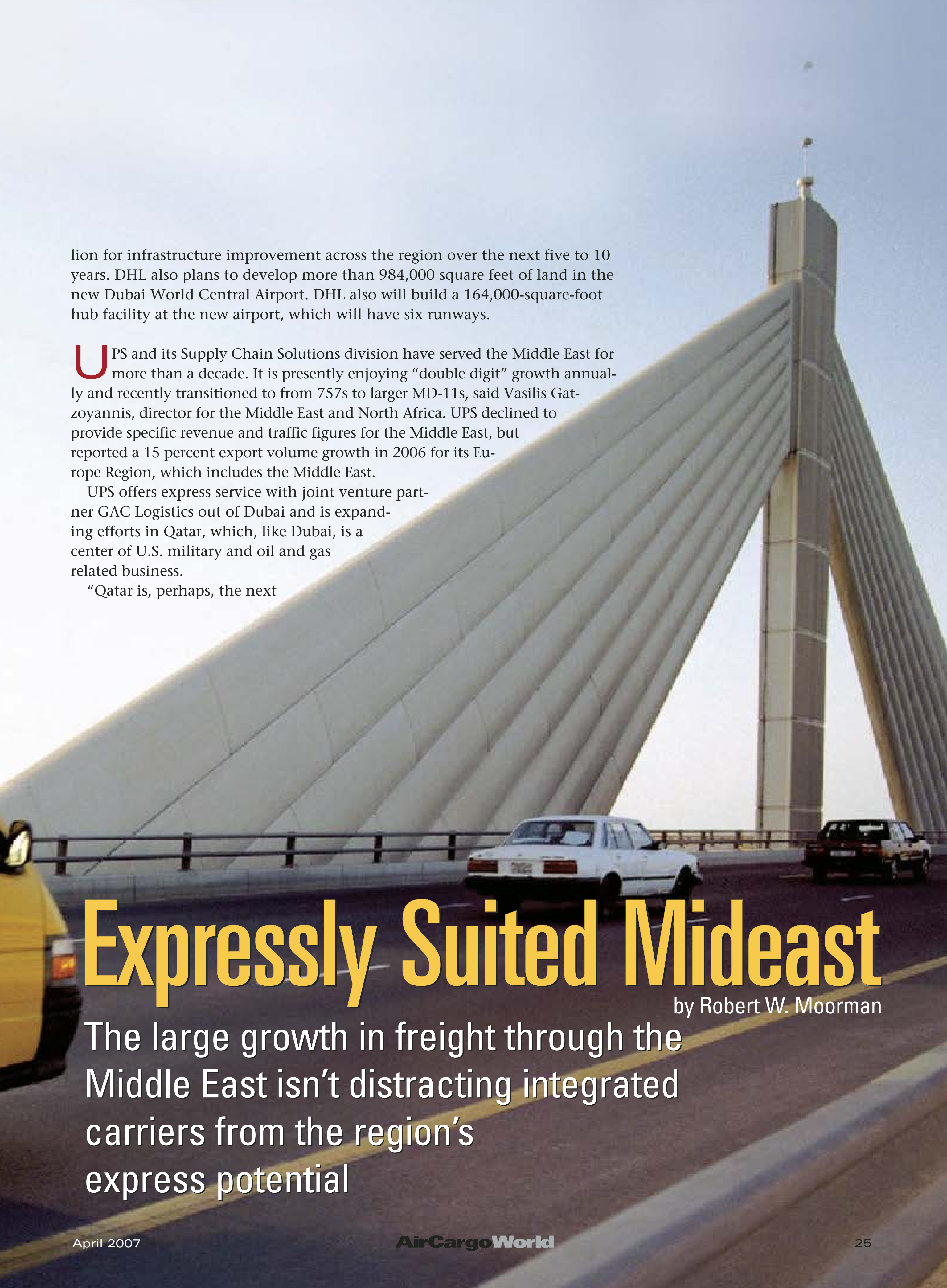
Today, 17 freighters make up the DHL Middle East network, with logistics centers at airports in United Arab Emirates, Bahrain, Qatar, Jordan, Egypt and elsewhere. The company operates in 15 Middle East countries, linking them to DHL's international network.

From only transporting documents in the 1970s, DHL and other express carriers now offer more services, including heavier shipments and customer-driven deadlines, which analysts say signals growing sophistication on the part of the express carriers as well as airports.

DHL claims to be the lead operator in the region for volume in both U.S. inbound and outbound shipments to the Middle East, although DHL declines to provide any specific financial or traffic figures.

To maintain its position, DHL earmarked $56.3 mil-





lion for infrastructure improvement across the region over the next five to 10 years. DHL also plans to develop more than 984,000 square feet of land in the new Dubai World Central Airport. DHL also will build a 164,000-square-foot hub facility at the new airport, which will have six runways.

UPS and its Supply Chain Solutions division have served the Middle East for more than a decade. It is presently enjoying "double digit" growth annually and recently transitioned to from 757s to larger MD-11s, said Vasilis Gatzoyannis, director for the Middle East and North Africa. UPS declined to provide specific revenue and traffic figures for the Middle East, but reported a 15 percent export volume growth in 2006 for its Europe Region, which includes the Middle East.

UPS offers express service with joint venture partner GAC Logistics out of Dubai and is expanding efforts in Qatar, which, like Dubai, is a center of U.S. military and oil and gas related business.

"Qatar is, perhaps, the next

Expressly Suited Mideast

by Robert W. Moorman

The large growth in freight through the Middle East isn't distracting integrated carriers from the region's express potential

Dubai," said Michael Harrell, UPS region manager for South/Central Europe, Middle East and Africa. "Qatar is a big story for UPS."

By early 2008, as part of its expedited product offerings, UPS will introduce time-definite early morning delivery in most of its Middle East markets. UPS also is expanding its spare parts logistics business in Dubai and elsewhere.

FedEx operates two MD-11 freighters daily from Dubai. The first connects Dubai with New Delhi and Mumbai. The second travels westbound to Europe and the U.S. The company has expanded its time-definite, premium International Priority Freight Service to a number of Middle East countries.

Hamdi Osman, FedEx's senior vice president operations Middle East, says FedEx plans to expand its service as part of a $200 million systemwide effort.

Even with the continued growth and investment, there are major challenges in operating in the Middle East.

"As you get further from Dubai, it gets more difficult to do business," said John Tansey, UPS country manager for the United Arab Emirates.

Each market is at a "different level of maturity" in its ability to import and export goods, said Tansey. Customs, transit clearance and registration processes for imports and exports can vary widely from country to country. UPS and other carriers would like to see a more uniform customs process adopted across the region, but understanding the countries in which cargo related businesses operate goes a long way to reducing the hassle factor.

"Businesses operating in the Middle East must be able to appreciate the specific nuances of the Arabic culture," said Bill Hill, group vice president for Dubai-based GAC Logistics, a 50-year-old forwarder. While much of Dubai and other locales resemble boomtowns, "these are still relatively young markets especially in terms of outsourcing of third party logistics services by manufacturers, distributors and retailers," said Hill

Another challenge for express carriers is recruiting qualified personnel, particularly in Dubai. Housing and the higher of living costs around Dubai make it difficult to attract qualified staff.

Two factors potentially threaten the air cargo market in the Middle East: The rise of India as a center for commerce and the departure of the U.S. military from Iraq and Afghanistan. For the first to happen, India would have to greatly enhance its airport infrastructure, modernize the aircraft fleet of its

Airline Cargo

While the express carriers have been building in the Middle East, the region's own carriers have been aggressive in ramping up their own cargo business.

Abu Dhabi-based Etihad Crystal Cargo and Emirates SkyCargo of Dubai have impressive traffic and revenue growth and offer plenty of competition, as well as capacity, for the integrators.

Etihad in 2006 carried 134,181 tonnes of cargo and some $216 million in cargo, doubling the young carrier's role in the freight market.

Emirates carried more than a million tonnes of cargo for 2006, a 21.5 percent jump over the previous year, and earned $1.2 billion in revenue, 29.2 percent over 2005. SkyCargo accounts for 21 percent of Emirates' overall revenue. The first half of the 2005-06 financial year saw Emirates SkyCargo's revenue jump 33 percent and its tonnage by 20 percent to 482,743 tons.

But both carriers struggle with the very thing that drives overall business in the region – the price of oil, and soaring jet fuel expenses.

And there are other challenges. For Emirates and its cargo division, delays in A380 deliveries "caused us a lot of pain and affected our growth plans," said Ram Menen, executive vice president for Emirates SkyCargo. "We should have six A380s flying now," said Menen. To compensate for the lack of lift, "we've had to cut down considerably on our expansion plans."

Cut down, but not halt. Emirates recently announced the addition of several new passenger destinations: Venice, Newcastle, Houston and Sao Paulo. Separately, Emirates SkyCargo launched A310-300 freighter services weekly between Dubai and Djibouti.

Etihad plans to expand its routes by 18 percent, including Sydney, Dublin and Milan, which will yield "huge cargo opportunities," said Rupert Batstone, acting executive vice president cargo. n

Middle East-Based Freight Forwarders

COMPANY	HEADQUARTER	SERVICES	WEBSITE
Aramex	Amman, Jordan	International Express, Domestic Express, Freight Forwarding, Logistics, Shop & Ship Catalog Shopping	www.aramex.com
Clarion Shipping Services	Dubai, UAE	Sea Freight, Air Freight Transportation, Customs Clearance, Logistics Distribution	www.clarionshipping.com
GAC Logistics	Kuwait	Air and sea freight, Warehousing and distribution, Door-to-door transportation, Project logistics, International moving and courier services.	www.gacworld.com
RHS Logistics	Dubai, UAE	Freight Forwarding, NVOCC , Air Freight ,Logistics, Distribution, Warehousing & Bond CFS	www.rhslogistics.com
Swift Freight	Dubai, UAE	Air freight, Sea freight Overland Transportation Perishable Logistics	www.swiftfreight.com
Global Shipping & Logistics	Dubai, UAE	Local Distribution Freight Management Project Cargo	www.gsldubai.com
Freightworks, UAE	Dubai, UAE	Express and Consolidation Import Air cargo services, Air and Sea Charter operations, Full Clearing and Forwarding services	www.freightworks.com
Prolink Logistics	Dubai, UAE	Air freight, Sea freight, and Road Transport.	www.prolinkdxb.com

Source: SJ Consulting

now-merged flag carrier, Air India, and liberalize its protectionist-leaning air service policies.

"If that happens, cargo and passenger-carrying airlines could bypass the Middle East and fly directly to India en route to Europe or elsewhere," said David Hoppin, principal with MergeGlobal, an aviation consultancy.

Few in the industry see that on the near horizon.

"I heard that comment about India 10 years ago," said UPS's Harrell. "In those 10 years, Dubai and the surrounding area have added more capacity, which makes them more efficient."

"India is already a significant player in the parcel industry and it has not hurt the Middle East," said FedEx's Osman, who argues that expansion in India trade will help the Middle East.

"We see a great opportunity for the Middle East and India trade lane and are currently investing in the area," said DHL's Wild. DHL owns a controlling stake in Indian express carrier Blue Dart, which will add 20 facilities and 12 warehouses across India by the end of 2007.

Dubai, the second largest Emirate in the United Arab Emirates, is an important trans-shipment point and logistics hub for Indian goods, said Wild. A recent report on trade between Dubai and India, said Wild, showed a 336 percent increase from $2.5 billion to $10.9 billion over the last five years.

In 2006, total non-oil trade between India and Dubai hit $10.9 billion, said the report. India posted $2.5 billion worth of exports to Dubai and $4.4 billion of imports from the Emirate.

"To capitalize on this growth, we will establish a formal trade lane management structure in the same way as we have focused on China and the U.S.," said the DHL executive.

Dedicated air freight carriers and airlines, which transport substantial belly freight, are major sources of growth, which will emanate from Dubai, Doha and Abu Dhabi.

"There is a sort of arms race between Emirates, Qatar and Etihad airlines," said Hoppin, "which rests principally on a continued restriction on air traffic rights directly from Europe, which causes more traffic to flow through the Middle East."

In its *Global Traffic Forecast* for 2006-2025, the Airports Council International said Middle East air cargo market is helped by the "positive spillover from high oil prices" and plans by Middle East carriers to develop passenger hub operations also will benefit "freight as belly capacity grows."

The impact of the U.S. military presence, and the potential for the military's departure, is a matter of constant conjecture.

"It all depends on how we leave it," said Richard Aboulafia, vice president analysis for the Teal Group. If the U.S. military ultimately succeeds in Iraq and Afghanistan, "you could actually have a peace dividend," said Aboulafia. "If, however, the Middle East resembles Vietnam in the mid-to-late 1970s, there won't be a peace dividend."

The express carriers aren't waiting for that dividend, investing now in what they see as robust economies.

GAC Logistics is augmenting its logistics park in Dubai with a $15 million expansion. The facility now offers more than 115,000 pallet positions. GAC recently signed a global agreement with Qatar Airways for cargo operating between Doha and more than 70 destinations the airline serves. ■

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the Rising Hubs

In the slipstream of the established main gateways, China's up and coming airports are getting a growing slice of the action

by Ian Putzger

You may be forgiven for associating Changi with Singapore rather than Nanjing or airports in India. Changi Airports International still runs Singapore's international airport, but these days it is pushing aggressively into other Asian markets. The wholly owned subsidiary of Singapore's Civil Aviation Authority announced in late February it had formed a partnership with Indian conglomerate Tata Group to bid jointly for airport projects in India.

The agreement came just weeks after Changi announced it would spend $138 million to acquire a 29 percent position in China's Nanjing Lukou International Airport. Just two months earlier, in late December, Singapore Airport Terminal Services, the handling subsidiary of Singapore Airlines, had revealed it intended to expand in China.

Hong Kong International Airport has already moved into Mainland China. Last October, a joint venture with the state-owned Assets Supervision and Administration Commission of Zhuhai Municipal People's Government started managing Zhuhai Airport under a 20-year agreement. According to Vivian Cheung, the joint venture's general manager, the operation aims to boost traffic from 640,000 passengers and 10,000 tonnes of cargo in 2005 to 1.5 million passengers and 50,000 tonnes by 2010.

The airport's first international freighter operation will be a twice-weekly service to Manila, which is going to be launched soon, she said.

HKIA formed another joint venture in China in mid-December, this time with Hangzhou Xiaoshan International Airport. The Chinese airport's expansion looks to add a new passenger terminal and facilities to accommodate A380 aircraft. By 2015, the joint venture expects to be able to handle 25.6 million passengers and 500,000 tonnes of freight.

It turns out manufacturers, carriers and logistics companies are not the only part of the air cargo business interested in China's potential.

Attracted by an ambitious expansion program led by the government, and by the flood of related businesses moving into China, foreign capital and management expertise is pouring into China's airport operations. The push by China's regional neighbors and other airport and cargo handling companies is remaking the country's airport landscape as surely as the bulldozers and building cranes are remaking the city skylines, and it promises to remake air trade patterns that already are being reshaped by China's manufacturing boom.

One of Xiaoshan's first international all-cargo tenants could be MASkargo. Management is considering a freighter service using recently won fifth freedom traffic rights out of Hangzhou to Northern Asia. J.J. Ong, senior general manager of cargo at the Malaysian carrier, said he was looking at flying on to Russia, but no decision has been reached so far.

Fifth freedom rights have induced Korean Air to launch a freighter operation to Europe through Chengdu, an emerging center for China's electronics and chemical industries. This spring it is starting a twice-weekly 747 freighter run from Seoul to the city in Southern China and on to Delhi and Brussels. KAL Cargo joins Lufthansa, which inaugurated twice-weekly all-cargo flights to Chengdu in December of 2005 in partnership with Air China.

Top Asia Airports

Top 11 Asia airports January-November 2006

World Rank	Airport	Tonnage	%Change
2.	**Hong Kong** (HKG)	3,286,750	5.3
4.	**Seoul** (ICN)	2,130,416	8.4
5.	**Tokyo** (NRT)	2,080,691	–0.4
6.	**Shanghai** (PVG)	1,951,205	16.3
9.	**Singapore** (SIN)	1,764,055	4.6
13.	**Taipei** (TPE)	1,554,642	0.0
19.	**Bangkok** (BKK)	1,076,637	3.9
21.	**Beijing** (PEK)	940,161	32.9
23.	**Osaka** (KIX)	766,172	–3.1
24.	**Guangzhou** (CAN)	754,370	10.5
25.	**Tokyo** (HND)	739,830	5.0

Source: Airports Council International

China shows no signs of running out of expansion opportunities for foreign airports any time soon. The country's dizzying growth in air traffic has the authorities scrambling in a race to avoid paralysis. By last June, 18 of China's 142 commercial airports had reached capacity, and another 29 stood to reach their cargo limits by 2010, the Civil Aviation Administration of China warned.

Aiming to push the number of commercial airports in China to 186 by 2010, authorities in Beijing have earmarked more than $17.5 billion for modernization and construction of airports over the next four years.

The CAAC's plans call for the establishment of 44 new airports and the expansion of 52 mid-sized airports such as Dalian, Xiamen, Ningbo and Qingdao. It is doubtful the government coffers will dispense enough funds to get all these projects airborne, however, so many airports are looking for overseas partners with deep enough pockets to step in. Such overtures are not limited to aspiring minnows.

Guangzhou's Baiyun International Airport, which is pursuing a $2.16 billion expansion project only a few years after its opening in 2003, has signalled it is considering bringing in foreign partners to help bankroll its expansion plans.

Beijing Capital Airport launched a $248 million expansion project at the end of 2005 to boost passenger capacity in preparation for the Olympics in 2008. On the cargo side, facility developer ProLogis started work last year on a $36 million logistics park less than two miles from the airport. The company secured land use rights to 26.7 acres there to develop four facilities with a total footprint slightly more than a million square feet.

And although many commercial eyes are turned to Shanghai, the Chinese capital is attracting a growing number of freighter services.

One of the most recent entrants was Cathay Pacific, which launched twice-weekly 747-200 freighter flights between Beijing and its Hong Kong base in mid-November. Using fresh traffic rights for three additional U.S.-China flights, Polar Air Cargo is boosting its presence at the airport this spring, having inaugurated Beijing service last November.

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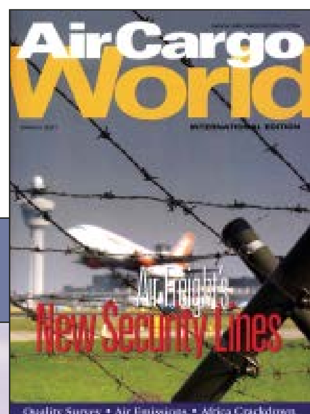


To get started in the International Edition contact Laura Rickman, Classified Sales Manager, at 770-642-8039 or lrickman@aircargoworld.com.

Our Readers Mean Business.

actually shifted two flights over from Shanghai.

China's top gateway continues to expand its cargo business, but the capacity that poured into the airport in recent years has taken its toll on yields and prompted some carriers to look for alternatives. Probably the most drastic step was taken by Air Canada, which whittled its Shanghai-Toronto MD-11 freighter operation from five to three flights a week and returned one freighter to World Airways.

Northwest Airlines Cargo shifted its freighters from Hong Kong to Guangzhou. Having scrapped its six weekly 747-200 freighter flights into Hong Kong in December, the carrier is using its latest batch of China traffic rights to step up its Baiyun flights from four to seven frequencies a week beginning in April. Last year the U.S. carrier doubled its freighter frequency to Baiyun from two to four weekly flights.

"Hong Kong is a severely imbalanced market. The yields were sinking lower," said Jim Friedel, president of NWA Cargo. He said Northwest does not have fifth freedom rights between Japan and Hong Kong, which strengthened the case for switching the freighters to Guangzhou.

The cooler view of the market changes about 90 miles north of Hong Kong, where Guangzho is building up its profile in the international arena thanks to the manufacturing along the Pearl River Delta and the expansion of express traffic from FedEx and DHL.

FedEx Express is developing a $150 million hub at the airport, which is slated to become the integrator's largest hub outside the United States. FedEx is building an 880,000-square-foot facility sitting on 156 acres with a capacity to handle up to 24,000 packages in an hour. DHL, which expanded its express facilities at several Chinese airports last year, has pledged to set up an operations center at Baiyun.

On the freight side, the biggest push for the airport likely will come from China Southern Airlines, which is based in Guangzhou.

China's largest airline announced in mid-February it would open 10 new international routes this year, including Dubai, Luanda, Delhi and Sapporo. In the same month the airline's management signalled that it was considering doubling an order for 777 freighters from six to 12 aircraft. The Chinese carrier now operates two 747-400 freighters and has plans to convert six A300-600s into freighter configuration.

It is no secret China Southern, which is due to join the Sky Team alliance before the end of this year, is looking for an international partner in cargo. Joint venture ambitions with Korean Air proved short-lived, while talks with Air France-KLM have not been confirmed by either side.

Even closer to Hong Kong, the launch of Jade Cargo International last summer has certainly boosted the cargo volume going through Shenzhen International Airport. For the past year, the International Cargo Center Shenzhen reported 90,000 tonnes of international cargo, up from 62,000 tonnes handled in 2005.

Like Jade, the ICCS is a joint venture involving Lufthansa Cargo.

The rise of Shenzhen and Baiyun has not dented Hong Kong's Chek Lap Kok airport. Hong Kong Air Cargo Terminals, which handles over 70 percent of the airport's volumes, recorded a 5.3 percent increase in tonnage last year to 2,561,902 tonnes. Imports grew 3.3 percent and exports 4.7 percent, while the handler's transhipment tonnage went up 11.3 percent.

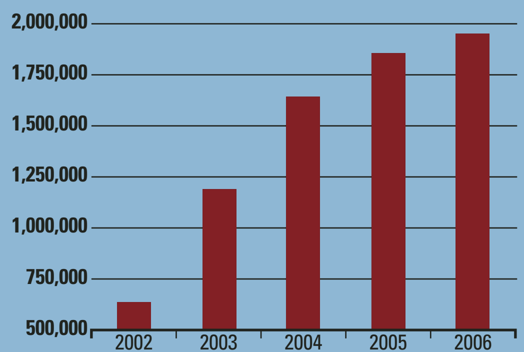
HACTL's position is under threat from Cathay Pacific, which has been gunning for the airport authority's blessing to open a third cargo terminal at Chek Lap Kok.

The home carrier has argued that its handling costs in Hong Kong are roughly twice as high as its system average. Moreover, Cathay claimed HACTL would run out of capacity by 2009, which is disputed by HACTL management. The airport authority finally announced in December that it would invite tenders for the third facility, a process which it expects to be completed in 2008.

The new facility would be ready by 2011. By the pace of development in China, that is a long way away. ■

Shanghai Towers

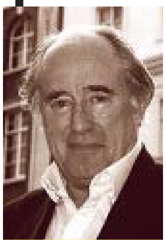
Annual freight tonnage at Shanghai Pudong International Airport.



Source: Airports Council International

People

Awards



Foyle

The International Air Cargo Association named **Christopher Foyle**, a longtime aviation industry executive who was a pivotal figure in development of the industry's project business, to its hall of fame. The British national founded Air Foyle in 1978 and operated aircraft for courier Skypak before running most of TNT's aircraft for express service in Europe in the 1990s. He put his name to one of the fastest-growing air cargo businesses in the world in that time under an agreement with the Antonov Design Bureau that made Air Foyle the exclusive sales agent for AN-124 freighters that helped create a new wing of air cargo in the oversized transport world. He later helped turn around troubled Irish passenger carrier CityJet. He is the scion of the family that owns and operates Foyle's Bookshop, a literary landmark in London's Charing Cross area.

Airlines

Etihad Crystal Cargo: The cargo division of Etihad Airlines appointed **Syed Ali Subhani** project officer. Based in Abu Dhabi, Syed will be responsible for implementation of Cargo 2000, IATA's quality management system initiative. A 13-year veteran of the air cargo industry, Syed had been at Lufthansa Cargo.

Japan Airlines: The Japan Airlines Group named **Takao Fukuchi** a board member and senior vice president for cargo and mail. Fukuchi, 55, has been with JAL since 1974 and has been president of JAL's in-house cargo company, JAL Cargo Sales since 2003. Before that, he held various positions at JAL Cargo, including director of cargo business and market planning.

AirBridge Cargo: The Russian freighter airline named **Peter de Wolf** senior sales manager in the Netherlands. A 20-year industry veteran, he had been the Amsterdam-based manager of sales for continental Europe at Dragonair.

SAS: SAS Cargo named **Nils Pries Knudsen** vice president for global sales. Knudsen, 46, was director of freight at DHL Express, overseeing land-based transport in Europe, since 2001. He worked earlier at AP Moller-Maersk, Hangartner and J.F. Hildebrand.

Lufthansa Cargo: The airline named **David Bang** chief executive officer of LifeConEx, the joint venture with DHL Global Forwarding aimed at transport and logistics services for the life sciences industry. The airline also designated Laura Ackermann to customer service at LifeConEx and Michael Badyna to lead in implementation and business development.

Integrators

FedEx: FedEx Express named **Marco Lee** vice president of sales for China and **Kevin O'Hearn** vice president of sales for North and South Pacific and global sales for the Asia-Pacific region. Lee has been with FedEx since 1995, starting as managing director of sales for Hong Kong and China, and was most recently a vice president for Asia-Pacific sales. O'Hearn started at FedEx as an account executive in 1990 and held sales posts in Taiwan and Singapore before becoming managing director of sales in Hong Kong in 2000. He was most recently a managing director of global sales in the region.

TNT: The express carrier named management consultant **Mary Harris** to the supervisory board. Harris has worked in international business as a partner at McKinsey & Co. in Amsterdam and before that at Pepsi Beverages and Goldman Sachs.

DHL: The carrier named **Malcolm Monteiro** senior vice president and area director for South Asia. Monteiro had been managing director of Blue Dart Express, the Indian carrier owned by DHL.

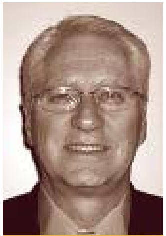
UPS: Atlanta-based UPS named **Lisa Hamilton** president of The UPS Foundation, replacing **Evern Cooper Epps,** who retired after 32 years with the company. Hamilton has been with UPS for 10 years and was a public affairs manager for the company in Washington.

Third Parties

Trans Global Logistics: The Hong Kong-based forwarder named **Michael Goh** corporate director of service and quality assurance. Goh had been at Singapore logistics provider S-Net as director of air freight and earlier was managing director for Asia for OIA Global Logistics.

Lynden International: The Seattle-based forwarder promoted **Katsy Collins** to regional vice president for the U.S. Southwest and named **Michael Iannacchione** to regional vice president for the Midwest. Collins has been at Lynden for 13 years, most recently as regional manager for the Southwest. Iannacchione was vice president of sales and strategic clients at SEKO. Lynden also named as account executives in Houston **Michael Joiner**, formerly a senior account manager at UPS, and **Debbie Vinelli**, most recently in Texas with UPS Supply Chain Solutions.

People


Fitzgerald

SEKO: The Illinois-based forwarder, in the midst of an international expansion, named **John A. Fitzgerald** global vice president of sales and marketing. His more than 30 years of industry experience include positions at Airborne Express, Circle International and Fritz. He was most recently a regional vice president of business development for retail commerce at UPS Supply Chain Solutions.

Ryder System: The Miami-based logistics and transportation services provider named **David Bouchard** senior vice president and general manager of international operations. He replaces **Bobby J. Griffin**, who retired after 34 years with Ryder. Bouchard, who has been at the company for 20 years, was senior vice president for the high-technology and consumer industry divisions at Ryder's supply chain segment.

Purolator: The U.S. division of the Canadian delivery company and freight forwarder named **Erica Clements** a major account executive at its Framingham, Mass. office. She is a member of the Council of Supply Chain Management Professionals and a graduate of Southern Illinois University.

Corrigan's Express: The Los Angeles-based forwarder promoted **Jessica Fregoso** to executive vice president. A 15-year industry veteran, she joined the company in 2005 as operations manager after stints at Alrod Interntional, EGL, UTi Worldwide and GeoLogistics.

Aeronet: The Irving, Calif.-based logistics provider named **Alain Coupérie Eiffel** director for Europe, the Middle East and Africa, as it consolidated activities in the region. Aeronet also named **Doug Haas** general manager for Los Angeles. Haas has 28 years' experience in gateway management in Los Angeles.

Schneider Logistics: The subsidiary of trucker Schneider National named **Michael Squadrille** team vice president for international sales. Squadrille had held several senior management positions at GeoLogistics, including director of sales and marketing support for the Americas. He earlier was at ABX Logistics and BAX Global.

BAX Global: **Margie Wong**, BAX's marketing and customer service manager for the South China region, was named "young logistician of the year" at a ceremony in Hong Kong organized by the Hong Kong Trade Development Council and other logistics and forwarding associations in Hong Kong.

Ground Handling

Aviapartner: The Brussels-based ground handler named **Nigel Daniel** chief operating officer for handling services at its multinational network. Daniel had been executive vice president at Swissport International and chief executive of Swissport UK. He earlier was managing director of Groundstar, a handler purchased by Swissport. Aviapartner also named **Philippe Bois** commercial manager for its business unit in France. Bois, 33, had been with Servair, most recently as business manager at the Acna subsidiary since 2001.

ABM Property: The developer and operator of distribution centers at airports named **Thomas S. Olinger** chief financial officer, replacing Michael A. Coke, who will retire. Since May 2002, Olinger served as vice president and corporate controller of software giant Oracle.

Technology


Michler

Traxon Europe: The air cargo electronic communications provider named **Wolfgang Michler** to head the company's projects department. Michler, 58, had been with Lufthansa since 1975, with postings in Germany and in Central America and New York. He was most recently in charge of implementing Lufthansa Cargo's Cargo 2000 quality management system.

Consultants

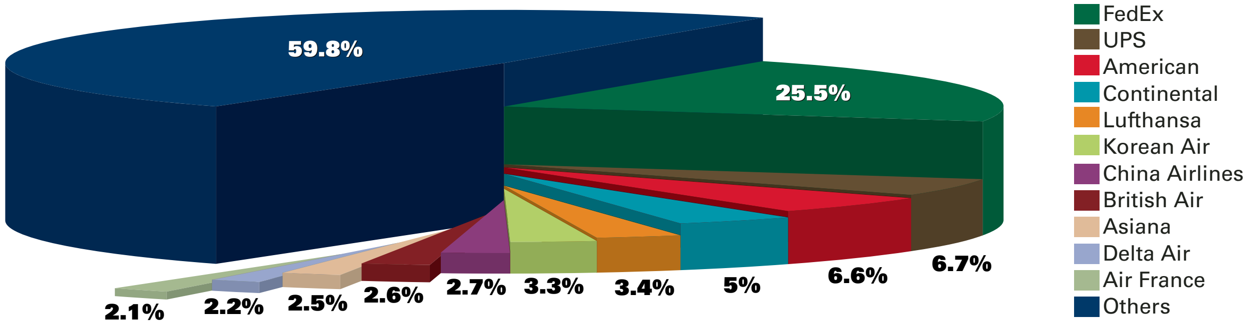
Triangle Management Services: The British consultancy named **Gary Coyle**, formerly chief executive of Postmasternet, head of the postal retail networks. A 20-year postal veteran, Coyle has worked extensively with global retail companies seeking to place their products and services in postal retail networks. ■

Advertiser Index

AirCargo the Bottom Line

Sliced Apple

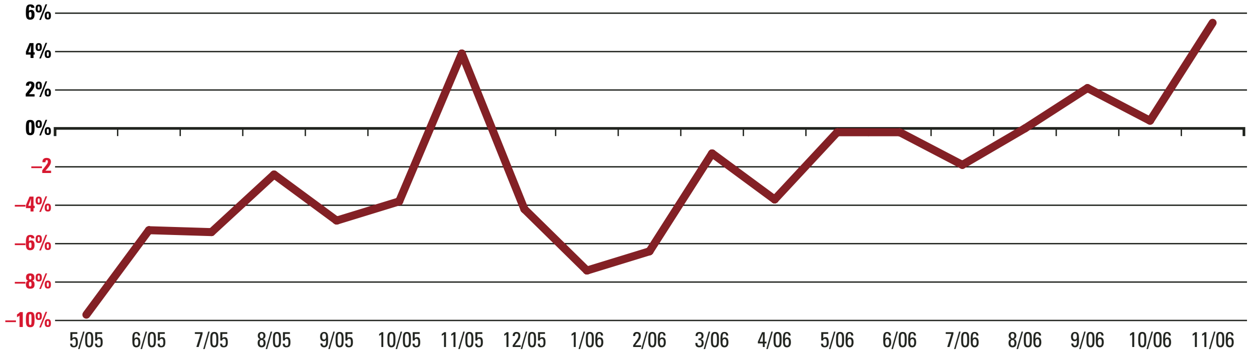
Share of freight tonnage at New York-area airports by carrier for 12 months ending Nov. 2006.



Source: Port Authority of New York & New Jersey

Apple Slice

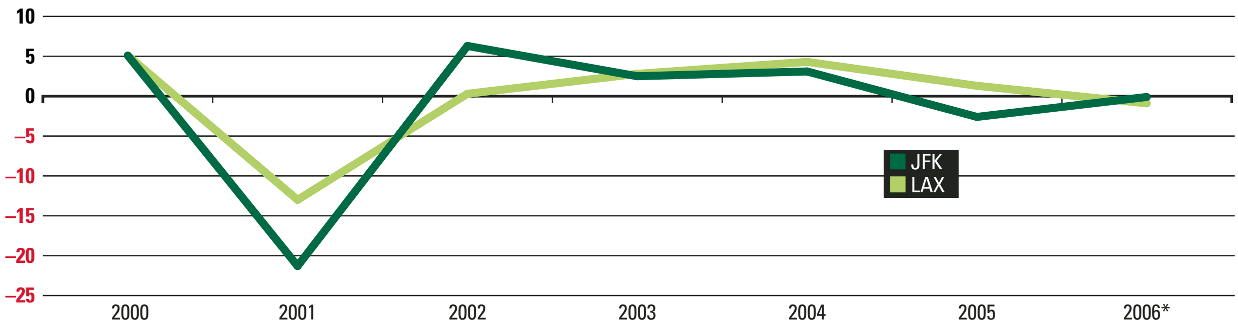
Monthly year-over-year percent change in freight traffic at New York Kennedy International Airport.



Source: Port Authority of New York & New Jersey

Bi-Coastal

Annual year-over-year percent change in freight tonnage at Los Angeles International and New York Kennedy International airports, 2000-2006.



* through November

Source: Airports Council International

Europe Airlines

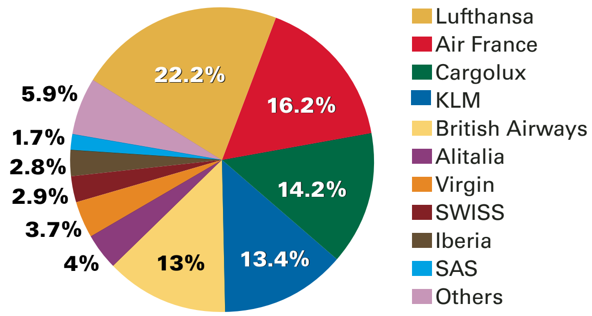
Top 10 European airlines in cargo traffic in 2006.
(in millions of freight tonne kilometers)

	Airline	Traffic	%Change
1.	Lufthansa	8,090.0	5.3
2.	Air France	5,876.9	6.0
3.	Cargolux	5,166.5	–4.7
4.	KLM	4,876.0	0.4
5.	British Airways	4,742.3	–0.4
6.	Alitalia	1,472.0	8.0
7.	Virgin Atlantic	1,331.6	15.1
8.	SWISS	1,038.1	–10.6
9.	Iberia	1,025.7	7.8
10.	SAS	605.8	–4.3

Source: Association of European Airlines

Euro Slices

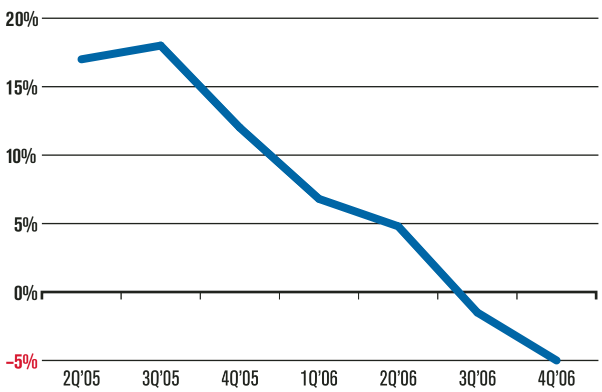
Share of air freight market divided by members of the Association of European Airlines in 2006, based on freight tonne kilometers.



Source: Association of European Airlines

Making Cents

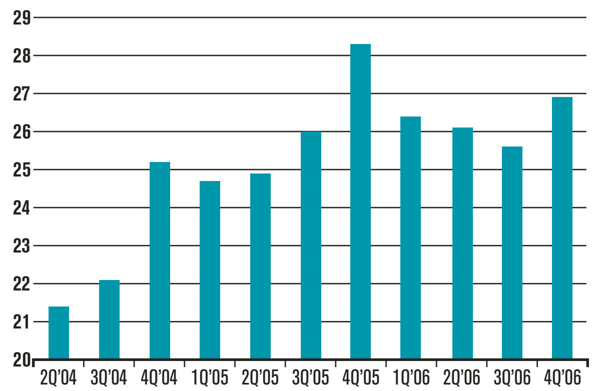
Year-over-year percent change in cargo yield at Korean Air.



Source: Company reports

Korean Yield

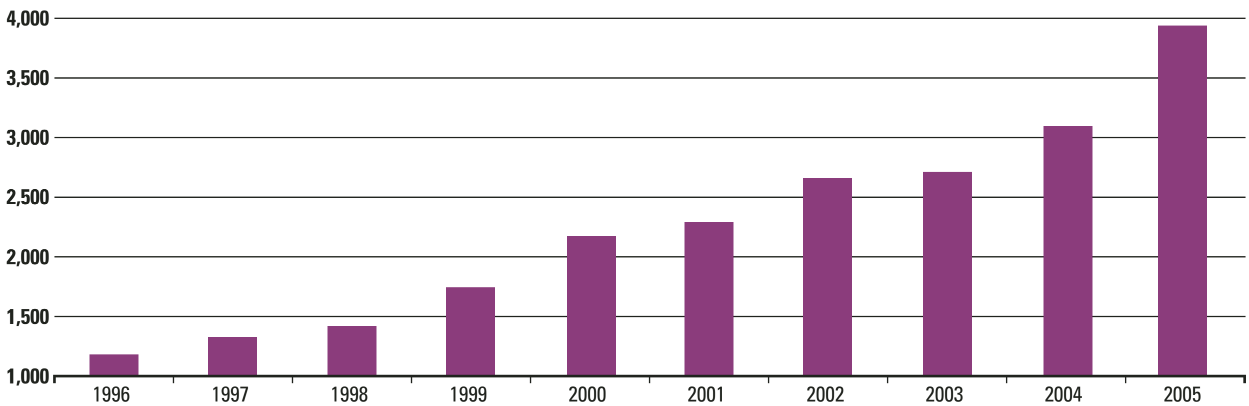
Average quarterly cargo yield for Korean Air. *(in US cents)*



Source: Company reports

Flying UPS

UPS annual international freight traffic. *(in millions of FTKs)*



Source: International Air Transport Association

Events

April 11-13

Seattle: ACMG Annual Freighter Aircraft Workshop, the fifth edition of the more targeted version of Air Cargo Management Group's broader *Cargo Facts* event in September, looking more closely at freight operations and finance. For information, call (206) 587-6537 or visit: *www.cargofacts.com*

April 15-17

Cologne: TIACA Executive Conference and Annual General Meeting, with a smaller scale than the International Air Cargo Association's bi-annual Forum, the event offers close looks at industry issues. For information, call (786) 265-7011 or visit: *www.tiaca.org/agm2007/*

May 15-17

Baku, Azerbaijan: Caspian Air Cargo Summit 2007, organized by Euroavia International and Silk Way Airlines, focused on the Caspian, CIS and Central Asia market. For information, call +47 70 483 6474 or visit: *www.euroavia.com/caspian/*

April 18-20

Hangzhou, China: 4th Annual China Air Cargo Summit, at the Hyatt Regency, with the backing of the Civil Aviation Authority of China, the event looks at the domestic and international market out of the regional site. For information e-mail: *marketing@aircargosummit.org* or visit: *www.aircargosummit.org*.

April 25-26

Frankfurt: Airport Cities, at the Airport Sheraton, with speakers from Asia, North America and Europe, chaired by controversial airport consultant John Kasarda. For information e-mail *Melissa@airportconference.com* or call: *+44 208 831 7506*.

April 29 – May 1

San Diego: CNS Partnership Conference 2007, at the Rancho Bernardo Inn, the largest gathering of the international side of North America's air cargo industry meets under new leadership at Cargo Network Services. For information, call (516) 747 3312 or visit: *www.cnsc.net*.

May 6-9

Orlando, Fla.: NASSTRAC Logistics Conference & Expo, at the Renaissance Orlando at Seaworld, the gathering of small shipment shippers includes presentations from high-volume parcel shippers and their carriers. For information, call (952) 442-8850 x208 or visit: *www.nasstrac.org*.

May 14-17

Scottsdale, Ariz.: Regional Air Cargo Carrier Association Spring Conference, at the Doubletree Paradise Resort, the annual gathering for business that props up feeders. For information, call (508) 747-1430 or visit: *www.raccaonline.org*.

May 22-23

London: World Mail & Express, the European conference and exhibition at the Novotel Hammersmith, sorting out how deregulation will push the envelope on private and postal delivery services. For information, call +44 870 950 7900 or visit: *www.triangle.eu.com*.

June 3-5

Vancouver, B.C.: IATA Annual General Meeting and World Transport Summit, the high-level gathering of senior airline executives focused on self-sorting cargo, or passengers, is a by-invitation-only event. For information, visit: *www.iata.org*.

June 12-15

Munich: Air Cargo Europe, within the transport logistic International Trade Fair for Logistics organized by Messe Muenchen. For information, call +49 89 949 20270 or visit: *www.messe-muenchen.de*.

Sept. 12-14

Washington: World Air Cargo Event, at the Marriott Wardman Park, a Tabmag event. For information, call +44 1784 255000 or visit: *www.aircargonews.net/wace.asp*.

Sept. 3-6

Hong Kong: Air Freight Asia 2007, the annual conference and exhibition from Reed Exhibitions, alongside Asian Aerospace. For information, visit: *www.airfreightasia.com*.

Oct. 9-12

Munich: inter airport Europe 2007, looking at how to handle the ramp-up in airport operations. For information, call +44 (0) 172 781 4400 visit: *www.mackbrooks.co.uk*. ■

For more events, visit:
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- **Opening Trade Lanes between East & West:** Market access and traffic rights – an assessment of potential opportunities. Panel discussion with government representatives from Europe, CIS, Turkey and Asia.

- **Industry Trends**
  - General overview of the latest market trends
  - The forwarding business: an industry in rapid change
  - Identification of potential risks affecting market growth

- **The Economic Development in the Caspian Region**
  - Economic vitality in the Caspian region
  - Essential infrastructure investments in the airport/aviation sector

- **Serving the Customer**
  - Improving standards for changing shipper requirements
  - The Shipper view
  - The Forwarder view

- **Western and CIS Cargo Aircraft Development & Availability**
Panel discussion with representatives from aircraft manufacturers

- **Final remarks by Silk Way Airlines**

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