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Cathay Pacific's first 747-8 Freighter is out of the paintshop and waiting for its engines. Cathay has ten 747-8Fs on order, and this is just one of the many big changes that will shape China's air freight scene in the coming years. See p. 12 for an analysis of the country's future freighter fleet. (photo by Alex Kwanten)

LATIN AMERICAN PERSPECTIVE

By Jasmina Kelemen, Caracas

With the first issue of Cargo Facts for 2011 we welcome Jasmina Kelemen, who will contribute a regular column on the air freight scene in Latin America. A respected journalist whose work has appeared for years in print and online publications such as *The Wall Street Journal*, *Market Watch*, and *Dow Jones*, Jasmina joins us from Caracas, Venezuela. We encourage you to get in touch with her through our website, www.cargofacts.net.

Our European editor, Chris Pocock has been traveling in Asia for the last month, but will rejoin us with his usual column in February.

A new cargo terminal for Bogotá: Latin America's busiest cargo airport, Bogotá's El Dorado, is hoping to boost its regional hub status with a new terminal that will double its cargo-handling capacity. Operated by Lynxs Group LLC, a private development company specializing in air cargo facilities, the revamped terminal will consist of 75,000 sq meters (800,000 sq ft) of air cargo and complementary facilities. The first phase of the project has been operational for just over three months, and on 15 January, Lynxs began delivering the remaining half of the new CargoPort facility to its operators, just as they gear up for the airport's peak season in the month before Valentine's Day. With the international cargo facility completed, Lynxs will move onto refurbishing the domestic cargo terminal, which should be completed by 2012. The expanded cargo space is part of a massive overhaul of the entire airport, led by Operadora Aeroportuaria Internacional (Opain), that will eventually conclude in a new international terminal, additional runways, and the bulldozing of the airport's main existing terminal. Bogotá handled just under 500,000 tonnes of cargo in 2009 and is expected to have repeated that performance in 2010. Officials at Lynxs believe tonnage could easily double with the airport's expanded capacity. The new international cargo space has been fully leased by existing operators. "We could build more and there would be demand for more," said Maurice Thorin, Lynxs' Bogotá-based general manager. Current operators include Tampa Cargo, Air France, KLM, LAN Cargo, DHL, FedEx, and UPS. At least one express delivery service intends to revamp its local operations to not only handle domestic deliveries but serve as its hub between North and South America. Asian carriers such as Singapore Airlines and Japan Airlines, as well as Dubai-based Emirates, have also expressed interest in using Bogotá as a gateway to South America's growing markets. The interest is based on the expectation of continued regional growth. In its just-released forecasts, the World Bank said it expects Latin America to continue growing in 2011, predicting 4.4% GDP growth in Colombia, 5.5% in Chile and 4.4% in Brazil.

Houston eyes Latin perishable market: Houston airport officials are hoping that with over 5,600 square meters (60,000 sq ft) of refrigerated cargo facilities, and direct flights to booming commodity markets throughout the globe, Latin American shippers will use IAH as an alternative to Miami to transport their perishables. The Fresh Air Cargo Center opened in Dec. 2009 but suffered a blow when Miami-based Arrow Cargo, which operated three weekly flights between Houston and various Latin America cities, filed for bankruptcy. Since losing Arrow Cargo, the facility has not received regular freighter services. "We have not had the aviation activity that we hoped for yet," said Genaro Peña, director of Air Service Development. The center did however reveal an unanticipated source of demand, processing last year 4,000 tons of berries trucked in from Mexico and Central America for shipment to mostly European markets. In order to better serve these customers, who have expressed interest in shipping more product, airport officials are hoping that in the coming year there will be enough "critical mass" to begin direct freighter service between one of Mexico's commercial centers

– Mexico City, Guadalajara or Monterrey – and Houston. Elsewhere, the airport also views the emergence of Bogotá as a regional hub as another potential advantage in developing Houston's link to booming oil and industrial markets in Colombia and Brazil. A Canadian carrier (Peña declined to name which one) has expressed interest in operating a freighter Edmonton-Houston-Bogotá, shipping industrial and drilling components south and Latin American perishables north.

AA Cargo boosts services to Brazil: On the heels of a "banner year" in Brazil, American Airlines Cargo is expanding its belly cargo services to Latin America's largest economy. In November, AA Cargo started daily, non-stop service from Rio to JFK and Miami, and effective 17 December it launched a new 767-300 service from Rio de Janeiro to Dallas/Ft. Worth. "The additional service...is part of the expansion plan to continue increasing our presence in Latin America, in this case in Brazil, which is a very, very important market in terms of cargo and passenger,s" said Carmen Taylor, director of Cargo Sales for Latin America. Last year, she said, was a "banner year" for cargo in Brazil, "exceeding all expectations." The airline is targeting 10-15% growth in Brazil this year, or approximately \$40 million worth of business. Further expansion into Brazil is limited by fleet considerations. "Because we haven't gotten delivery of our 787s as quickly as we thought...we're limited to what we can add," said Taylor. For example, AA Cargo is not able to service Brasilia, where AA began new Miami-Brasilia narrow body service in December. "I can say with confidence as we get the delivery of the Dreamliners, you will see AA deploying wide body service into Brasilia, [to meet] demand that we already know exists."

New Houston/Lima service to double cargo capacity: Effective 17 February, United Airlines will upgrade the former Continental Airlines' passenger service from Houston to Lima, replacing Continental's 757 with a 767-300ER. The change in aircraft will provide a huge increase in the route's cargo capacity and allow for pallets and containerized cargo. Some observers have even surmised that the expanded cargo space was a big driver in the change. Houston airport officials are hopeful this will increase Houston's share of asparagus shipments, of which Peru is the world's largest producer.

New opportunities in Mexico: Mexicana's bankruptcy, national infrastructure upgrades, and declining conversion costs present rich opportunities for Mexican air freight players. "I'm incredibly bullish on freight in Mexico," said Oscar Garcia chairman of InterFlight Global, a Miami-based aviation and aerospace investment house. "I think it's the next jewel of NAFTA." Mexicana Airlines' descent into bankruptcy and the disappearance of 170 flights between Mexico and the rest of Central America has left a large hole in capacity. Garcia believes the carrier will be operating again in some fashion by this summer, but will reemerge as a dramatically scaled down company, leaving behind a great deal of its former air freight belly hold capacity. Meanwhile, the cost of freighter-converted 737-300s and -400s is relatively low and the soon-to-be available freighter-converted MD-80 will be even lower. "Mexico will have a strong appetite for MD-80 conversions," said Garcia. He also foresees that CRJ and ERJ regional jet conversions could have a place in the country from 2014 onward, when he believes the aircraft will reach the necessary conversion price point. One key to expansion of air freight will be convincing Mexico's many trucking companies to shift to multimodal operations. Trucking is by far the preferred shipping method intra-Mexico and cross border, both North and South, accounting for over 95% of shipments today.

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