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The World's Best-Read Air Cargo Publication | 40th Anniversary Issue



40 YEARS OF AIR CARGO INSIGHTS



LAUNCH ISSUE

Memories of the first-ever ACN

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THE DISRUPTORS

Some of the visionaries who shaped air cargo

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NEWS REVIEW

How we brought you the biggest stories

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GSSA OF THE YEAR



Looking back – and ahead

March 16, 1983, saw the launch of a new title covering the airfreight industry: the fortnightly *Air Cargo News International*.

The publication was the brainchild of Ray Crane and Nigel Tomkins, who developed the idea for an air cargo newspaper after meeting at a rugby match.

Much has changed over the intervening 40 years. But as current *Air Cargo News (ACN)* deputy editor Rebecca Jeffrey and I cast our eyes over the main stories of the past four decades, we also found that much has stayed the same.

Of the major changes, probably the biggest has been the continued globalisation of the airfreight industry.

A perfect example is that of the integrators. In the early 1980s, the likes of FedEx and UPS were tentatively setting up operations in Europe – fast forward 40 years and they are global behemoths with operations all over the world.

The other major development in air cargo has been the rise of digitalisation as the internet age has been ushered in. However, I was surprised at how many stories the publication carried about computerisation, as it was known back then, in the early 1980s.

The third issue of *ACN* featured the headline “Into the computer age” and centred on forwarder Jardine’s £1m investment in a computer system.



ACN co-founders Ray Crane and Nigel Tomkins

Another change we noted has been the impact of air cargo on global warming.

The topic didn’t really start making the headlines until the 2000s – and even then it was viewed by many as more of a worry for regulatory and marketing teams.

Now, emissions are taken very seriously throughout the industry as vast sums of money are invested in tackling the problem.

Safety and security is another area that has grown in importance over the past 40 years, after a spate of terrorist attacks, lithium battery incidents and aircraft accidents.

Other topics that we continue to write about today that featured in the early days of *ACN* include mergers and acquisitions, congestion at airports, financial performance, bankruptcy, high rates, low rates, demand peaks, demand troughs, cartel cases, air cargo’s lack of recognition, slow progress of digitalisation, corruption, modal shift, manufacturing trends... I could go on.

I was also surprised to see *ACN* highlight the lack of gender diversity in one of the first issues. An interview with a high-flying female freight forwarder, Shirley Lavis of Samfreight, outlined the issues she faced in making her way in a male-dominated industry.

That said, there was a tendency in the early days of the publication to describe how the women being interviewed looked (“model-like height and figure” is one example) and the inclusion of scantily clad women in some of the adverts from the period (don’t worry, I won’t name names) undermined those efforts. Different times.

Just as the industry has changed, so too has *ACN*. The publication started as a fortnightly newspaper but has since evolved into a multimedia platform. The *ACN* website is updated on a daily basis, there are twice-weekly news bulletins, a monthly in-depth email, a print magazine, video content and social media accounts across the major platforms.

International flavour

In the past few years, the frequency of the print product has reduced from fortnightly to first monthly and now quarterly to reflect the changing habits of our readers, who increasingly consume their news through our digital platforms.

The other notable change is the scope of coverage. *ACN* in the early days focused largely on the UK market.

Today, *ACN* is a truly international publication keeping readers up to date with news from across the globe daily.

Looking to the future, it’s hard to predict where air cargo and *ACN* will be in 2063 – perhaps we will be beaming news automatically generated by artificial intelligence straight to our readers’ minds, while cargo will be moved across the world by huge drones, unloaded by robots and then transported by self-driving vehicles.

Let’s hope not, as what really sets this industry apart is the people that utilise their market knowledge and work hard to keep cargo moving, no matter the circumstance.

Whatever the future holds, I hope *ACN* will still be around and doing what it has done for the past four decades: keeping our readers informed about all the latest developments in air cargo.

Damian Brett, editor, *Air Cargo News*



The current *ACN* team, left to right: Rebecca Jeffrey, Annie Roberts, Richard Perry and Damian Brett

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Hold the front page!

Co-founder **Derek Jones** remembers the frantic – but always hugely enjoyable – first few weeks in the life of *Air Cargo News*

It hardly seems possible that this year marks the 40th anniversary of the launch of *Air Cargo News International* (ACNI), now *Air Cargo News*. The memory of the frantic nine-week period between setting up the company and releasing our first edition, and that first tough but enjoyable year in business, remains so fresh in my mind.

March 16, 1983 (the date of the first issue) is indelibly carved in my memory.

Determined to start with a bang, we had been desperate for an exclusive for the first edition front page, but the industry just would not oblige us.

And then, with only hours to spare before the print deadline, it came: “Pandair is sold”.

Pandair was at the time the UK’s biggest IATA forwarder. And we, the new kids on the block, had broken the story.

So, we went into the launch party with pride and jubilation. And I left in a large cardboard box with a pretty kissagram girl, courtesy of a dirty trick played on me by my co-directors, Ray Crane and Nigel Tomkins, and industry friend Ray Dodds of Air81 fame.

I thought it was a genuine case of mistaken identity when the girl burst out of the box and smothered me in lipstick but my protestations fell on deaf ears, and I quickly realised I had been stitched up.

Commercially speaking, March was probably the worst possible time to launch a new title.

In those days, the big advertisers – such as Flying Tigers, British Airways, British Caledonian, Southern Air Transport, Thai Airways and Gulf Air – used to plan and book their next year’s campaign around October to December; if you missed that window, your next chance was a year away.

We struggled on for the first nine months, living hand-to-mouth from one-off feature advertisements.

Then I reintroduced a concept that had worked very well with my previous publication, *Airtrade*: what could best be described as an in-house ad agency.

This provided potential advertisers with

all the help they needed to create attractive and effective ads, and we offered the service at cost as an enticement to spend money with ACNI.

It worked a dream, and unlocked a number of new advertisers.

I also really enjoyed it, as I demonstrated eight years later when I left ACNI’s parent company and launched my own specialist marketing agency for the industry. But that’s another story.

I remember 1984, too: not just as the title of George Orwell’s classic novel, but as a new dawn in our business.

It was as though somebody had thrown a switch: all the campaigns that we had missed out on for 1983 started to fall into our laps.

At last, we no longer needed to rely heavily on those one-off ads, and we were soon able to fund the launch of our own airfreight directory, and to buy an unwanted multimodal monthly magazine (called *British Shipper*) from its otherwise consumer-oriented parent.

The air cargo world was a very different one in those early ACNI days.

Computerisation was the preserve of only the larger carriers and forwarders, who could afford the eye-watering bills for bespoke systems.

UK forwarders still used the dumb terminals of customs’ ACP80 system for their

customs entries, so they had to have an office on airport to connect to the local “node”.

The World Wide Web and emails did not exist, and fax machines were only starting to supplant telex as the medium for written telecommunication. And our entire business was based on print publishing, distributed through the mail.

We used to send the whole edition as hot-wax-mounted artwork by rail to our distant printer every other Friday night: a process fraught with perils. On one occasion, the heat in the guard’s van was such that the entire edition slid off its backing sheets and arrived as a sticky mess. On another occasion, the artwork went missing for the whole weekend, requiring a hasty remake.

The industry was much more social in those days: most business was done over a beer or lunch, and you always knew in which pub to find a particular carrier’s cargo manager, or the key execs of a particular forwarder. I know the industry had to mature but, although it sometimes looked more like a playground, it still got the job done.

And it was, frankly, a lot more fun. But, although well concealed, the stress was always there: as evidenced by the number of industry notables who sadly met premature ends.

I could tell many more stories of my years as ACNI’s first sales director, but there isn’t space here.

Maybe, one day, I will write the book. In the meantime, I have many happy memories of the industry, of all the wonderful people I have been privileged to know and the friends I have made.

And I wish everyone who now carries the standard for *Air Cargo News* many more years of fun and success.



From publishing to marketing



DEREK JONES began his media career in 1973. In 1979, he entered the logistics arena, joining *Airtrade* magazine. Then, in 1983, he was one of the trio that launched *Air Cargo News International* (ACNI), as its first sales director. In 1990, he left ACNI’s parent company to pursue broader marketing solutions for the logistics industry – launching Pilot Marketing with partner Cathy Howe. He remains actively involved in the business.

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Technological revolution for ACN

It's a fast-moving world – and journalists have to keep up. Former *Air Cargo News* editor Roger Hailey reports on the changing world of publishing over the past 40 years



After 40 years in logistics trade journalism, this old dinosaur was asked by *Air Cargo News* editor Damian Brett to look back at the significant changes I have witnessed as a reporter.

Earlier this year, I was at the Transport Logistics show in Munich – and that experience seems to sum up those changes.

As a young reporter (okay, I was 26 but that was considered young back then) on *Air Cargo News* in the mid-1980s I went to Japan.

I had to organise my trip by phone: the flights, hotel and interviews, not on a mobile but with an old-fashioned landline – younger readers, ask your parents.

Surprisingly, it went without a hitch, although I had to travel long distances in Tokyo by tube to find a cheap enough pizza house in order to be able to eat.

I took shorthand notes and used a camera with rolls of film. The latter was a bit of pot luck: you had to get the photographs developed when you got back home. Only then would you know if they were in focus.

The next great revolution was the fax machine. You would feed a sheet of typewritten paper into one end and a copy would magically appear at the recipient's machine, many miles away.

A wise old freight forwarder told me that the fax machine was a data blip on the way to digitalisation. Remember, this was predicted in the 1980s. How right he was.

The next faltering steps in the digital

journey was the arrival of electronic typewriters, quickly followed by a desktop computer, the size of a small suitcase and with a small black screen.

You would type out a story in a WYSIWYG (what you see is what you get) editor – very basic editing software with no spall-chocker (sorry, spell checker).

Obviously, you could print out the document, but the real beauty was sending it electronically to a colleague in the same room or from deepest continental Europe to the UK.

You had to use something called a modem (a router-type piece of equipment).

One freelancer, now an award-winning journalist, moaned and groaned that he had to buy a modem – and sent me the invoice. Plus ça change...

Now, that sounds easy, but when I went on a European reporting tour of Belgium and Germany, among other countries, I had to take all the different phone plugs for each country and they were all shapes and sizes – enough to fill a small backpack.

Getting connected

Basic 'laptops', the size of a briefcase and much heavier, using small metal discs to save data, would connect by cable to the phone plug.

You would dial back home and wait for the audible electronic modem "handshake", a screeching noise like a Dalek with a bad cough. If you were lucky, the connection would last long enough to send several documents.

Next came the mobile phone (the size of a brick and so expensive only stockbrokers in Thatcher's Britain could afford one).

I got my first mobile phone in the 1990s, and all you could do was make or receive calls.

The greatest revolution was the arrival of desktop publishing. Interlinked computers in an office could produce a newspaper by placing stories and pictures on a screen, exactly as it would look when printed.

Unfortunately, this killed off thousands of typesetters' jobs but gave power to the journalists, as they could create imaginative page designs. Perhaps some went too far with this new toy.



Down to earth: Roger's delivery shift with UPS



We want to make a supersonic man out of you... Roger enjoys the chance to test out Concorde's cockpit

Next, came email and the internet. The title I worked on had a queuing system for 25 journalists to use the single computer connected to the web (to stop us idling).

Internet connectivity via increasingly lighter and more sophisticated 'smartphones' changed trade journalism for ever.

You had to be on Twitter, Facebook and LinkedIn or you did not exist. Stories had to be tweeted so you could develop a digital audience on social media (given the stream of hate online, it is more like antisocial media). We now have Instagram and all the other look-at-me apps that now allow any

Joe Public idiot to post nonsense without regard to research, fact-checking and the laws of libel.

Newsrooms are smaller these days, and the demand for 24-hour news is insatiable (air cargo is a global business, so time zones matter less).

Wireless world

And so to this year's Transport Logistics in Munich. About 20 years ago I would use an internet café near the Hauptbahnhof where you would pay to use an array of computers connected to the web.

Wi-Fi killed the internet café business model as it became freely available in hotels, conference centres – anywhere in fact.

The Munich press room used to have large shelves piled with trade magazines, newspapers or press releases.

Those same shelves in 2023 were almost empty. I asked why: "That was years ago. Covid means that everything is digital now." And sustainable too – all those saved trees.

During Covid, the Zoom call became king, and pessimists said that the conference circuit was dead. Well, not yet.

The beat goes on

A busy conference, buzzing with chatter and the exchange of new ideas can still provide stories beyond a press release, but also give a real feel about industry sentiment and future trends.

Technology can accelerate the speed with which stories appear online or in print, but you still need a real person to ask those difficult questions.

In the late 1970s the chief reporter on a local paper warned us young newshounds not to rely on phone calls but to walk the beat and talk to people. Just as relevant now as it was then.

Another trend is where press officers (who often fed you exclusives) have been replaced by those who want to manage the message: they want to know the questions in advance and see the story before it goes to the editor.

I worked with a journalist who observed acidly that if the chief executive needs to see my questions in advance, what are they doing in the job?

Much of this has to do with the corporatisation of logistics. There used to be many smaller companies who did not have to worry about the stock market and share prices.

Today there are big publicly quoted companies, where the wrong answer to a question will hit the share price. It's the Ratner effect (look it up online).

One editor told me: "Financial regulators are so tough you will never get another exclusive."

Fortunately, there are still up-and-coming journalists with inquiring minds and tenacity to ask those difficult questions of the industry bosses they cover.

Air Cargo News may be celebrating 40 years, but it is young at heart and will keep you informed as much as it ever did.

I am proud that I still work for *Air Cargo News*, although it is a new generation carrying the torch.



A typical view of a newsdesk in the early 1990s: Computers have arrived – but the internet hasn't

40 years of pioneers and transformation

Cataclysmic events such as 9/11 have had a huge impact on the airfreight business, but equally profound changes have come from within.

This is, after all, a people business. It would not be where it is today without the actions of visionaries who spotted or opened new horizons and took the industry in new directions.

The air cargo business was a different galaxy 40 years ago. It had been deregulated – but it took years for the mindset of many players to adjust to the new reality.

Until the early 1990s, many forwarders still regarded themselves as agents for carriers with exclusive access to shippers.

An article in *Air Cargo News*, which reported word of a forwarder boycott of KLM, proved an inadvertent catalyst for a debate on the issue that ultimately helped redefine some relationships.

According to an executive close to the situation, managers at two large European forwarders at the time claimed that cargo agents were on the barricades because the airline was bypassing them to deal directly with shippers.

He recalls that neither had the airline tried to cut out agents nor was there a boycott going on.

Faced with the noise kicked up by the story, KLM Cargo chief Jacques Ancher, one of the outstanding visionaries in this industry, refrained from fighting bogus claims of a broad boycott and launched a debate instead on the need – and right – of airlines to talk with shippers.

Global partner

It marked a milestone in the transformation of the carrier-forwarder relationship and in the nascent realisation that the future of the industry would lie in collaboration and joint efforts to develop collective efficiencies.

This evolution went hand in hand with the realisation that the air cargo industry was a component of global supply chains and needed to project itself beyond its perimeter and reach out to other industries and institutions.

The International Air Cargo Association (TIACA) emerged as a fulcrum for this effort.

A group of entrepreneurs have helped reshape the airfreight sector and build the industry we know today. **Ian Putzger** looks at some of the visionaries of the past four decades



underwent massive changes. Propelled by advances in technology, the shelf life of products shrank significantly, which often called for shorter transit times.

At the same time, the emergence of China as the world's factory floor dramatically accelerated the globalisation of supply chains and sent volumes through the roof, turbocharging demand for capacity on the oceans and in the air.

Logistics around many product launches moved into a three-stage process where the first batch was rushed out by airfreight, followed by a second wave using sea-air and then the bulk of the goods moved by ocean carrier. Sea-air was not a novel product, but it rose to unprecedented prominence through a torrent of shipments transiting the Middle East.

Issa Baluch, founder and chief executive of Swift Freight International, was a driving

Growing out of the International Air Cargo Forum that had been started in the 1960s, it was formed in 1990.

True to its nature, the organisation had a number of founding fathers. Among the most prominent were the first TIACA chairmen, Challenge Air Cargo president Bill Spohrer, Emirates SkyCargo chief Ram Menen and Cargolux chief Robert Arendal.

Alongside collaboration with other organisations and government bodies around the world, TIACA has engaged with academia and private sector firms to address the needs of the industry in matters such as consultancy and advocacy, training and recruitment.

Without its drive, air cargo would probably not have become part of the curriculum of the supply chain courses that have proliferated over the past 25 years.

Air cargo's role in global supply chains



Issa Baluch promoted the UAE as a sea-air hub

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NEWS

40 YEARS OLD

AGED TO PERFECTION



HAPPY ANNIVERSARY
AIR CARGO NEWS!

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Photo: Bradley Caslin/Shutterstock

Michael Chowdry's Atlas Air provided B747 freighters to carriers such as China Airlines, KLM and Emirates

→ force behind the rise of the UAE as the world's largest sea-air hub. He has been a prominent voice of the industry in his roles with FIATA and other industry bodies.

The market required an influx of widebody freighters, but many airlines had reservations about the necessary investment – and return on investment.

Spotting an opportunity, Michael Chowdry, who had started life in aviation flying crop dusters and later leased passenger planes to major carriers such as PanAm, realised that it did not matter what logo was on the tail of a freighter.

Payload capacity

He founded Atlas Air in 1992, which rapidly grew into the largest ACMI provider of B747 freighters, eagerly embraced by China Airlines, KLM and Emirates and subsequently by a host of airlines, forwarders and others.

Chris Foyle, scion of the family that owned the legendary Foyles bookstore chain and for some time chairman of TIACA, was instrumental in expanding the payload capacity of commercially available freighter aircraft.

He saw the benefits of the Antonov 124 for global airfreight and spent two years pushing to get the giant plane on the UK register to allow worldwide operations.

The industry also learned that it was possible to run a cargo carrier without a plane.

Larry Coyne started the world's first virtual cargo airline with the establishment of Coyne Aviation in 1994, which used its airline operating certificate to manage international flights leveraging third-party carriers.

The company quickly became the leading carrier between Europe and the CIS

countries, especially in the Caucasus and Central Asia.

Like Foyle, Menen and others, Coyne has been a passionate advocate of the industry and served as chairman of TIACA.

Land transport was always a component of air cargo, but the focus on it sharpened with the build-up of road feeder services.

In Europe, Cargolux was a leading proponent, leveraging RFS to turn an airport without a significant cargo base in its catchment area into a major hub.

In the US, Forward Air was founded in 1990 by Scott Niswonger. It subsequently grew into the leading RFS provider in the market.

RFS was both a competitor to air carriers and a solution for forwarders as regional freighter networks other than the integrators' folded.

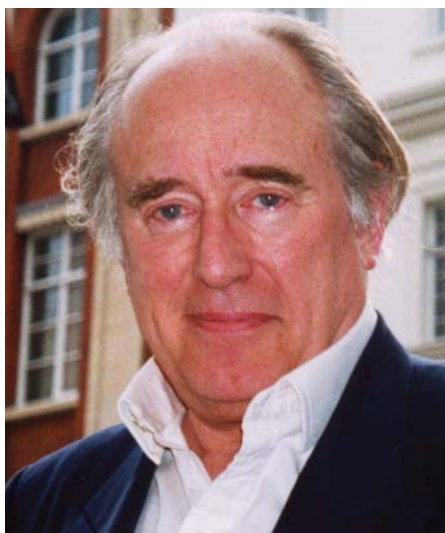
Names such as Kitty Hawk, Emery and BAX Global mark the demise of regular intra-North American freighter operations not focused on parcels.

In the international arena, Jim Crane, founder of Eagle Global Logistics, upped the block space game with a bold move to buy out entire airline bellies, which made him a forerunner of the logistics firms that are using dedicated freighter services today.

On the European side, Panalpina was years ahead of most competitors with its dedicated freighter operations.

Players' roles in the air cargo sector have gone through far-reaching change. Airline GSAs have expanded their range of services exponentially.

Forwarders have progressed on a path that turned them into supply chain consultants for their customers. Beneficial cargo owners →



Chris Foyle saw potential in the Antonov 124



Larry Coyne turned virtual into a reality



40 years

CELEBRATION

Saudia Cargo wishes **aircargo
NEWS** magazine a wonderful 40th anniversary.
Thank you for keeping the air cargo industry flying with trusted news insights.



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Photo: Sundry Photography/Shutterstock

E-commerce pioneer Amazon's logistics division has rapidly expanded its freighter fleet in recent years

→ are looking to them to establish the visibility to track their shipments and intervene if necessary.

Moving boxes from A to B and living on the spread between buy and sell rates is no longer enough to stay in business in the long run.

Large players such as DHL Global Forwarding have turned themselves into procurement agencies for their clients.

General cargo fragmented as airlines went down the road of product segmentation.

There had always been special procedures for cargo such as valuables or dangerous goods, but carriers such as Emirates led a move that broke down general cargo into a smorgasbord of special services combining commodity-specific offerings with a selection of speed and extra handling options.

The sharpened focus on the requirements associated with perishables and

“Cargo has to be a core part of the airline business – the airlines still haven’t learned that lesson”

Stan Wraight, Strategic Aviation Services International

pharmaceuticals has spawned refinements in temperature control.

It also resulted in an effort to harness the collective expertise and agenda. In 2003 the Cool Chain Association was formed as a body bringing the parties involved in this together to foster innovation, education and collaboration.

Supported by advances in technology, the need for collective efficiencies has been a major driver for improved data flow between the parties involved in a supply chain.

However, older technology has also acted as a brake on the development of better communication.

Menen was one of the first people in the industry to act on the realisation that legacy systems were hampering progress by restricting data exchanges to certain standards.

External disruption

With the implementation of its SkyChain starting in 2004, Emirates was the first carrier to field an IT platform that was system-agnostic and moved past the constraints of legacy technology.

Events such as the Covid-19 pandemic aside, disruption for the air cargo sector has also come from external players.

Recently, the industry has witnessed the incursion of e-commerce giants such as Amazon and Alibaba via their respective

logistics arms, which has resulted in rapidly expanding freighter fleets.

At the same time, leading container shipping operators have encroached on the airfreight business with the launch of freighter operations.

Like the integrated express operators 40 years ago, these entrants pose a competitive threat, but they are also parts of an industry where it is impossible for individual players to operate in isolation.

FedEx took over Flying Tigers in 1988, a move that reinforced worries that the integrators might be an existential threat to airlines.

Currently, the company is in the process of trimming its freighter fleet and handing more of its traffic to airlines for carriage.

The industry has come a long way over the past 40 years, with more change in the past 25 years than in the 80 years before, according to one air cargo veteran.

However, in some ways, it has not changed enough. Recent developments suggest that cargo appears to be slipping off some airlines’ radar again after its brief spot in the sun during the Covid-19 lockdowns.

“Cargo has to be a core part of the airline business,” comments industry veteran Stan Wraight, chief executive and president of Strategic Aviation Services International.

“The airlines still haven’t learned that lesson.”



Ram Menen realised old tech slowed progress



Congratulations
to everyone at
Air Cargo News
on reaching your
40th Anniversary



40



ANNIVERSARY
OF
ACN

A decade of M&A

As part of efforts to celebrate 40 years of *Air Cargo News*, the editorial team set themselves the unenviable task of reviewing the biggest stories over the past four decades. To begin, **Damian Brett** looks at 1983-1992

March 16, 1983 saw the launch of a new title covering the airfreight industry – the fortnightly *Air Cargo News International* (ACNI). The front page contained a major scoop for the fledgling publication – “Pandair is sold” read the main headline.

The publication’s editorial director, Nigel Tomkins, reported that the UK’s largest airfreight forwarder, Pandair, was about to be bought by the Pakhoed Holding Group of Rotterdam, where it would be combined with the Dutch firm’s existing HAT Express forwarding business.

The “shock deal” put an end to more than a year of speculation about the P&O-owned freight forwarder’s future, Tomkins wrote.

Elsewhere in 1983, European airlines were concerned about the intentions of US express giant FedEx, which began eyeing operations across the Atlantic.

‘FedEx threat to Euro freight’ read the front-page headline on November 23.

The story stated that FedEx was in the process of deciding where it would set up its European hub – it eventually selected Brussels – and was also looking to buy a company

to gain a foothold, in the end choosing US courier firm Gelco, which had an established European network.

Elsewhere, computers were making an early impact on the air cargo industry, although there was some trepidation and the high cost of implementation meant they were limited to the larger players.

And top US freighter operator Flying Tigers almost stopped its European operations before a transatlantic boom helped save its flights to Europe and the UK.

1984

The boom that saved Flying Tigers’ transatlantic operations was one of the main ongoing stories in 1984.

A February 4 ACNI cover reported “Air cargo boom will continue” as the airfreight business was heading back to the pre-recession times of the 1970s.

This was at the start of the year. By the November peak season – helped by a weak pound fuelling US demand – services on the transatlantic route were “Booked solid”.

Trucks were being turned away from handlers and forwarders were facing weeks of delays. One airline was even reported to have closed its doors for two days to

manage demand. Elsewhere, ACNI reported that UPS – like FedEx – was also considering setting up European operations.

At the time, it was not clear whether the express firm would look to partner with an existing operator or add its own flights.

Computers were again in the headlines in 1984 as the Cargonaught computer system was launched at Schiphol Airport, promising paperless cargo... if only they knew.

The year also saw the launch of the Cargo Airline of the Year Awards, now part of the Air Cargo News Awards, with the first winner of the prestigious competition being British Airways Cargo.

1985

The expansion of the express operators again made the headlines in 1985, with DHL stealing a march on FedEx by setting up operations in Brussels.

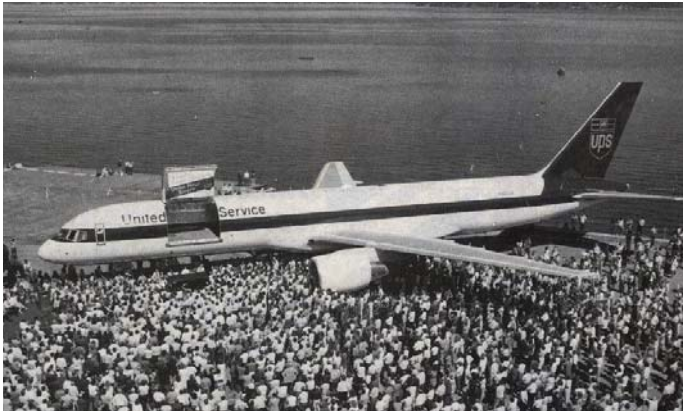
However, in June came the big news everyone had been waiting for: FedEx’s first flight across the Atlantic.

One of the express firm’s Boeing 727 freighters touched down at Brussels on a routing from New York JFK, which included stops in Gander Newfoundland and Stansted, marking the start of European operations.

Reports of UPS’s plans to start up a European operation also continued in October when it was announced that the express firm would take pre-booked space on Trans World Airlines and Lufthansa flights.

The cargo boom on the transatlantic route continued in 1985, eventually fuelling shipper complaints over the high cost of shipping cargo on the trade lane, with carriers reportedly forcing customers to pay for express services.





UPS took delivery of its first 757 freighter in 1987, part of a \$4bn investment



US logistics giant FedEx launched its first transatlantic services in June 1985

However, signs that the boom could be coming to an end were also there. In March, the publication reported a capacity surge on the route and by May there were reports that rates were set to tumble.

Security was also a topic, after a series of terrorist plots targeting the aviation market that led to expectations of new screening regulations for cargo. The big question posed by ACNI was who should pay for the new requirements.

1986

1986 marked the start of a testing time for the industry, with several big names going under and some game-changing acquisitions.

To kick off the year, UK freighter operator Tradewinds looked set to go under when parent company Lonrho withdrew funds.

The airline was eventually bought out, but spent the next few years on the brink before eventually disappearing from the market.

The ongoing expansion of the express operators continued in 1986, with UPS investing \$4bn in freighters. Later, ACNI carried the front-page headline: "INVASION – US parcels giant set to blitz Europe"

UPS had just added seven new service agents and there were rumours that the airline

would soon launch its own transatlantic flights.

Elsewhere, McGregor Sea and Air Services (MSAS) acquired rival Jardine in a move that created the world's fifth largest airfreight forwarder. The acquisition also created the UK's largest cargo agent.

North Atlantic airfreight rates also tumbled during the year, putting airlines under pressure.

At the end of the year Flying Tigers – the world's largest freighter operator – looked to be in trouble as it found itself \$500m in the red and was set to be put up for sale unless costs – in particular, for pilots – could be reduced.

1987

There was an update on top freighter operator Flying Tigers' situation in January, when it was announced that staff had agreed to pay cuts that would help push the airline back to profitability.

And in February, UPS finally launched its own flights to Europe, with four-times-a-week DC-8 flights between Louisville, Newark and Cologne.

Airfreight rates continued to come under pressure during the year. In May, the publication reported that dipping cargo

yields were being fuelled by overcapacity and "irresponsible cargo space dumpers".

The low prices were wreaking havoc with airline revenue targets for the year, according to one story.

In July came the news that British Airways would buy UK rival British Caledonian Airways in a surprise deal worth \$237m as the airlines faced up to emerging global giants.

From a cargo perspective, there were expectations of some redundancies in roles that were duplicated.

Meanwhile, some forwarders welcomed the global network that the combined entity would be able to provide. Others were concerned about the impact on competition.

In September, freight forwarder Pandair was back on the front page when rumours began to emerge that US-based Air Express International (AEI) could be about to purchase the Dutch-owned business.

The \$20m deal was confirmed in October. Pandair at the time was loss making as it looked to expand in the US. AEI, however, was looking to expand its presence in Europe.

1988

The year started with the rumour that freighter operator/freight forwarder



→ Emery Worldwide could be about to go under.

In April, news came of a mystery bid for the company, which had recently purchased Purolator Courier, and, in May, former FedEx chief Art Bass was believed to be trying to raise capital to launch a takeover.

The takeover failed to materialise in 1988 but a report in July highlighted the financial issues faced by the firm following its costly takeover of Purolator.

Other top stories for the year included news that DHL could soon start North Atlantic freighter operations. TNT acquired Air de Cologne, freight forwarder CF Airfreight launched its own freighter operations and UK freighter firm Tradewinds was once again in a fight for survival.

Towards the end of the year, UPS was reportedly aiming for global domination. The company announced it would open new hubs in Singapore and Hong Kong to complement its operations in Louisville and Cologne. The move extended UPS' network to 40 countries.

1989

The big news of 1989 was the FedEx takeover of Flying Tigers. In January, news emerged that FedEx had placed an \$880m bid for the world's largest all-cargo airline.

Flying Tigers was fully integrated into FedEx by August and the famous cargo name disappeared from the market. The deal did raise some questions, with forwarders concerned about a long-term rival controlling the company that ships their freight.

One forwarding casualty of the deal was Instone Freight Forwarding, which found its contracts with Flying Tigers ripped up after the deal was completed.

The takeover of Flying Tigers was not the only large takeover deal announced in the year. In February, speculation emerged that Consolidated Freightways (CF) could be interested in a bid for troubled Emery.

The deal made sense: CF had a strong presence in the US but lacked an international network, something that Emery could provide.

The deal was confirmed in March, with CF paying a total of \$230m for Emery – creating a combined entity with annual revenues of \$1.7bn.

Elsewhere in 1989, there were concerns that British Airways could be entering freight



Metro began operating Il-76TD aircraft in 1990

forwarding, and UK freighter operator Tradewinds was again close to going under.

There were also several reports of a rapidly emerging UK freight forwarder, Rockwood International Freight. The company had spent £30m in 12 months with the purchase of the Interfreight Group in West Germany, the Netherlands and the UK.

The company had also taken over Walford Meadows, Mercury Airfreight, BVS International and Dawson Royle & Willan.

1990

In 1990 Rockwood's rapid growth through acquisitions came back to haunt it as the company took drastic measures to improve a badly stretched financial position, including slashing credit control by dropping customers across Europe.

The efforts were not enough and by July the company had gone into liquidation.

Emery, bought by Consolidated Freightways in 1989, continued to face financial difficulties and its new owners ordered the company to make cuts to return to profit.

The changes clearly worked, as the freight firm was heading towards profitability by the end of the year.

1990 also saw the end of the UK's largest cargo airline, Tradewinds. After struggling to stay profitable over recent years, the company ceased trading at the end of September.

However, the biggest story of the year was the impact of the Gulf War when Iraq invaded Kuwait in August 1990.

The immediate impact of the war was a sudden rise in rates as the price of fuel rapidly increased. There were also surcharges introduced for flying in the Middle East region.

The Middle East crisis sent airline operating costs soaring and saw customers facing hefty ticket and cargo tariff increases, ACNI wrote on September 7.

Meanwhile, the gradual opening of the Soviet Union began to make waves in the cargo market as several joint ventures began to offer Soviet freighters.

Metro Cargo Airlines and NPC Informatika struck up a partnership to operate Il-76TD aircraft, while Air Foyle became the agent for Antonov's AN-124s.

1991

The impact of the Gulf War continued in 1991 as airlines saw profits drop. Exacerbating the impact of the war, the world was facing an economic slowdown.

"The strain of the worldwide recession and the explosive increase in the price of jet fuel have driven the industry to the point of near paralysis," said one industry commentator.

The war ended in late January and air cargo was on alert for a "Gulf cargo bonanza" driven by the need to rebuild in Kuwait.

Elsewhere in 1991, the introduction of Soviet aircraft to the West continued as HeavyLift Cargo Airlines formed a joint venture with Volga-Dnepr to offer AN-124 capacity.

ACNI also reported an uptick in trade between Western countries and those of the breakaway Soviet states.

The end of the year saw the collapse of Pan American World Airways, better known as PanAm – one of the world's most recognisable brands. The company was the largest international airline in the world but its failure to establish a domestic US network and the high fuel prices caused by the Gulf War resulted in the carrier running at a loss.

Meanwhile, US overnight cargo airline Flagship Express Services had also gone under by the end of the year.

1992

This year saw the industry settle back down after a tumultuous couple of years.

The big story from the opening month of the year was the grounding of the UK's Anglo Cargo Airlines as the charter market came under pressure, suffering from a slump in demand in combination with overcapacity.

As well as Anglo Cargo Airlines, Ethiopia's EAS Cargo Airlines also suffered from the market decline caused by a recession biting in several key markets.

In response, airlines had been looking to offload their freighters, with the Boeing 707 prime among those for sale.

The market downturn was not confined to charter carriers. Express operators were also suffering, and FedEx took the decision to park a large number of freighters in the desert while it waited for the market to pick up.

The operator even temporarily withdrew its European operations in favour of using capacity on partner airlines' aircraft.



HeavyLift teamed up with Volga-Dnepr in 1991



FedEx bought Flying Tigers for \$880m in 1989



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Time for technology

As the 1990s progressed, the rapid growth of the internet began to have a big influence on air cargo. The industry also faced a power struggle with the rise of the integrators – and had to cope with some tragic events, as **Rebecca Jeffrey** reports

The years 1993-2002 saw the deployment of internet and digital technology pick up the pace in the air cargo industry and there was also much focus on the power dynamic between integrators, freight forwarders and airlines – with concerns integrators were grabbing market share.

The pages of *Air Cargo News International* (ACNI), which changed its name to *Air Cargo News* (ACN) in March 1994, were also awash with new aircraft developments and acquisition stories.

1993

One of the biggest focus points in 1993 was the establishment of the European Union (EU) single market in January, which was hailed as a success for air cargo.

ACNI's February 19 front-page story, headlined "It's working! Single market Europe is already paying rich air cargo dividends", reported that a review of tariffs and schedules had prompted a reduction of prices and transit times to major cities.

Later that year, the EU was officially created by the Maastricht Treaty, which came into force in November to offer more fluidity and

efficiency, albeit with more red tape, for the industry.

The biggest aircraft news of the year came in June, when the first Boeing 747-400 freighter took flight as part of a three-month flight-test programme, carrying more cargo (122 tonnes) and travelling further than any previous commercial freighter model.

This year also saw ACMI lessor Atlas Air secure China Airlines as its first customer, with scheduled 747F services between the US and Taiwan from March. Then in April, Polar Air Cargo launched with services from the US to Australia, Europe and Asia using three leased 747-100Fs.

And in July, UK freight wholesalers Menzies Worldwide Distribution and Air Marketing International were merged to form what would remain a major market player, Air Menzies International.

1994

1994 started with a reminder of how volatile the industry could be when dozens of companies lost money following the collapse of wholesale courier company First European, after Air Menzies International successfully brought legal action against the business, allegedly because its directors broke a

covenant not to compete. Then in May there was a cargo milestone, with the launch of the first Airbus dedicated freighter, the A300-600F.

Developed for US integrator FedEx Express, the A300-600F could carry about 50 tonnes over 5,000 km. FedEx placed firm orders for 25 of the aircraft in 1991, and these were delivered over a five-year period.

Then, one of the most notable acquisitions of the year came in April when Cathay Pacific strengthened its market position by purchasing 75% of the shares of rival cargo carrier Air Hong Kong, which was 80% owned by Shun Tak Holdings.

Elsewhere, post-Cold War economic ties were formed when Russian cargo airline Volga Dnepr Airlines received approval and certification to begin scheduled and charter cargo operations between Russia and the US.

1995

The neighbouring Ukrainian Antonov Airlines suffered a blow in early 1995 when the AN-70T freighter prototype was destroyed in a crash during flight testing in Kyiv.

A casualty of a different kind was confirmed in March with the collapse of US freight forwarder Dateline Forwarding.

Its UK associate company Dateline Forwarding Services was taken over by US forwarder Air Express International (AEI), which subsequently acquired Brantford International from FW Terminals in August.

In a nod to future environmental concerns, Frankfurt Airport faced having its volumes curtailed when in July the German government proposed a night-time ban on aircraft, including 747-200Fs. However, night flights turned out to be protected for another





Airbus delivered the first of 25 A300-600F dedicated freighters to FedEx Express in May 1994



Polar Air Cargo was launched with three 747-100Fs in 1993... and was taken over by Atlas Air in 2001

15 years – until a ban was eventually put in place in 2011.

Following on from the first Airbus freighter the previous year, 1995 saw Boeing's first 767 freighter delivered to US integrator giant UPS. The logistics company had ordered 30 of the aircraft type in 1993 and subsequently secured options for 30 more.

1995 also saw the industry become concerned about integrators winning shippers' business from airlines and freight forwarders, with ACN reporting that stakeholders believed this was because of a fragmented and disjointed relationship between forwarders, airlines and shippers.

1996

1996 began with a bang when US-based freight forwarder Circle International acquired fellow US forwarder Celadon Jacky Maeder for \$21m.

Elsewhere, KLM was rocked with controversy over its alleged practice of bypassing freight forwarders to do deals directly with shippers.

In a front-page exclusive in February, ACN wrote forwarders threatened to boycott the Dutch airline, but the following month KLM denied this and was resolute

in continuing dialogue with shippers but "not cutting out the forwarder".

Then the debate over how much influence integrators had in the industry was further fuelled in March, when UPS claimed that integrators did not pose a threat to freight forwarders and weren't trying to force them out of business, ACN reported.

1996 was also an instrumental year for electronic documentation. In March IATA urged governments to sign the 'Montreal Protocol No 4' and end the use of the paper air waybill to reduce costs and inefficiencies.

And perhaps the first cargo capacity to become available on the World Wide Web came in the form of the 'Cargo Online' wholesale platform with searchable cargo charter flights and cargo capacity, as reported by ACN in October.

1997

Ground handlers faced a challenge in 1997 when the EU introduced a directive to liberalise ground handling at airports and shake up price competition – but it was good news for airlines.

Applicable from October 1997, the directive meant more ground handlers were able to enter the market, ending the monopoly for

airports providing this service, wrote ACN with its March headline 'Ground handling free for all leads to price war at airports'.

But the industry demonstrated it could be better together in May when IATA interest group Cargo 2000 launched to shorten delivery times, improve customer service and lower costs, with 12 global forwarders and 18 airlines taking part.

ACN reported in April that the industry began increasing its use of the internet with the goal of offering track-and-trace shipment services for shippers.

But as well as offering new benefits, the adoption and integration of the internet into airfreight operations proved to be a pain point into the late 1990s as fears about the so-called "Millennium Bug" began to grow.

For example, ACN wrote in December that DHL planned to spend \$25m to protect its hardware and software from the possibility of its computer systems failing as the new century began.

1998

By April 1998, IT experts again predicted that the Millennium Bug would crash systems and cost billions in damage and lost revenue. Companies were faced with reappraising all their computer systems.

It was also a boom year for Circle. The company took over Concord Express Singapore and CE Logistics, renamed Circle Concord International, in June. The following month it purchased Concord Express UK, and then US freight forwarder Alrod was bought in August.

However, US supplemental cargo airline Southern Air Transport (SAT) didn't fare so well. The business folded in October following 50 years in operation, after attempts to sell the firm to a number of companies, including Atlas Air, Fine Air, and Kitty Hawk, failed.

Major aircraft innovations of the year included the emergence of plans for the ill-fated Airbus A3XX triple-decker freighter, →



→ which would eventually become the A380 freighter that was never built.

With a payload capacity of 150 tonnes, there was much excitement about the freighter, but in the following years orders were cancelled by FedEx and UPS, and converted to A380-800 passenger aircraft by Emirates and International Lease Finance Corporation (ILFC). Airbus subsequently suspended production.

This was also the year the European Union decided to crack down on noise at airports, with hubs in January ordered to follow an EU directive that restricted aircraft type and noise at night. In March, DHL's Boeing 727Fs were banned from Nuremburg Airport. Then in May, Liege was targeted by the EU to curb its noise output.

1999

In January of this year there was further fuel on the fire over the rise of integrators when ACN reported that freight forwarders and airlines had slipped behind integrators in the race to digitalise operations.

Later in the same month, the findings of a study revealed airlines and forwarders were battling integrators for express cargo shipment volumes.

Forwarders were also in the spotlight. One freight forwarder suggested in June that further consolidation among forwarders was inevitable as customers increasingly wanted more services from logistics companies.

The acquisition of ASG by Deutsche Post-owned Danzas the previous month was given as an example of how companies were moving into bigger groups and alliances.

Later acquisitions did indicate the growth of large businesses. UPS acquired cargo airline Challenge Air Cargo to become the largest air cargo carrier in Latin America in July, while Deutsche Post acquired forwarder AEI for \$1.4bn in November.

Additionally, British cargo carrier Heavylift Cargo Airlines, which had operated a joint venture agreement with Volga-Dnepr for IL-76 and AN-124 aircraft in addition to its fleet of largely Belfast freighters, was put up for sale in March by Norwegian owner Kvaener after 20 years of operations. It was eventually acquired in a management buy-out.

2000

Notable deals in 2000 included the acquisition of Circle by Texas-based Eagle Global Logistics in July for \$543m, and Menzies Aviation Group's August takeover of the global airport ground handling operations of Ogden Aviation in the US for \$117.8m.

Panalpina acquired logistics consultancy Avalog in February, while in October



A3XX... the freighter that never was

Deutsche Post announced it would increase its stake in DHL International to a majority 51%.

Meanwhile, internet cargo ventures, for example the Global Freight Exchange online marketplace pilot programme for airlines and forwarders that was launched in February, were being treated with both enthusiasm and trepidation. There was some concern that online marketplaces were a threat to the industry, as highlighted by ACN in August.

Some technology advances were undeniably progressive, though, such as the launch of a paper air waybill featuring a two-dimensional barcode in July.

2001

UPS demonstrated its market power in January 2001 when it ordered 60 A300-600 widebody freighters at a cost of \$6bn, following an order for 30 aircraft in 1998.

In April, Boeing revealed plans for its B777XF – with 90- to 100-tonne capacity.

Elsewhere, Luxembourg-based DC-8 operator Cargo Lion went bankrupt with about \$12m in debts in June and Atlas Air finalised a deal to acquire Polar Air Cargo from GECAS (General Electric) for \$84m in November, in what was perceived as a move to diversify from the ACMI business.

With concerns about overcapacity and reduced rates already afloat in August, the market was constrained further by the September 11 terrorist attacks on the US, which saw aircraft temporarily grounded and the US government enact stringent security measures with more – and lengthier – checks.

Companies were told to expect delays and broken supply chains. The industry swung into action, with IATA asking its 276 member airlines to review security procedures.

Financial losses, services cutbacks, high fuel prices, a drop in passenger demand, slashed capacity and the pre-existing downturn left the industry in a “state of uncertainty” said ACN in a front cover story in October.

The following month, ACN noted that US cargo players felt uneasy about the impact of new government security procedures on cargo operations, and scheduled passenger and cargo traffic fell more than 30% in September on North American routes, IATA reported.

Atlas Air was one of the airlines to suffer from the 9/11 shutdown and received \$10m in compensation from the US government.

2002

In January 2002, the industry was concerned that more US air cargo shipment restrictions could be imposed, ACN reported, with the establishment of the Transport Security Administration (TSA).

Track-and-trace operations then came under threat from February, with the Federal Aviation Administration (FAA) Postflight Restriction forbidding forwarders from releasing flight number information to unknown shippers until the aircraft had departed to the cargo's final destination.

Emery Worldwide was merged with sister company Menlo Logistics by parent company CNF in January, and in March Cathay Pacific Airways made all-cargo airline Air Hong Kong a wholly owned subsidiary by acquiring the 25% stake held by Stabilo.

Heavylift Cargo Airlines ceased trading this year, but the name returned in partnership with Air Foyle (and a separate Australian airline). Air Foyle Heavylift took over the marketing of Antonov's fleet and announced the six-engined, 250-tonne capacity AN-225 'Mriya' aircraft was ready for commercial operations in October, after acquiring civil certification the previous year.

Air Foyle had previously said Antonov was building a second AN-225, but this aircraft never materialised.

Boeing also launched the 747-400ER freighter in June as an upgrade to the 747-400F. Dutch airline KLM was the launch customer.



KLM was the first customer for Boeing's 747-400ER freighter, which was launched in June 2002



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Crisis management

Political events and the realities of climate change drove more change in air cargo in the early years of the century. Meanwhile, news broke that competition authorities were investigating a price-fixing scandal, as **Damian Brett** reports

The 10-year period running from 2003 to 2012 was a testing time for the air cargo industry. It was buffeted by world events, but also generated its own controversies.

On the world stage, the industry was affected by the second Iraq war, a volcanic ash cloud, the global financial crisis, the regulatory fallout from 9/11 and terrorist bomb plots, and growing concerns about global warming.

The industry itself had the controversy of airlines and forwarders both facing cartel investigations and there were several game-changing acquisitions in forwarding and express spheres.

2003

The year started with news of capacity shortages for charter brokers as freighters were grounded in the US desert in response to a difficult economic environment following the September 11 attacks and the dot.com bubble bursting.

The weak demand environment also put carrier yields under pressure.

By February, attention had turned to the outbreak of war in Iraq as a US-led coalition invaded the country.



Atlas Air went through a restructuring process

Air Cargo News (ACN) reported that the air cargo industry was on a war footing as charter firms braced themselves for a massive uplift of equipment and personnel.

In April, carriers later added a 10 cents a kilo war surcharge as the conflict continued.

Then in July, the difficult economic environment took its toll on Atlas Air as the freighter operator entered restructuring talks with creditors.

The company said airlines were returning ACMI aircraft in favour of ordering their own metal.

Elsewhere in 2003, booking platform Global Freight Exchange was reporting a surge in users, the Cargo 2000 programme – that benchmarked on-time performance – was gaining traction and United Airlines, which

was at the time in Chapter 11 protection, announced that it planned to add freighters (plans quietly abandoned later on) and there was a push for adoption of RFID technology to aid cargo tracking.

2004

The year started with some good news for air cargo as demand showed signs of picking up after three years of decline.

Meanwhile, environmental performance was starting to make its mark on the pages of ACN, although at this stage the industry was quite wary – and even cynical – about demands to lower emissions,

“With environmentalists looking at ways to reduce the carbon dioxide emissions that are said to cause global warming, the air cargo industry awaits its punishment,” ACN reported.

The improved market conditions provided a fillip for Atlas Air as it managed to exit Chapter 11 protection after coming to an agreement with creditors. Meanwhile, a bankruptcy judge approved US freighter operator Arrow Air’s reorganisation plan, allowing it also to exit Chapter 11.

Acquisitions also began to pick up in 2004. First, express firm TNT entered the forwarding market through the purchase of Wilson Logistics in a deal worth about \$308m. Then forwarder Exel purchased logistics firm Tibbett and Britten for \$328m.

The biggest deal of the year came in October, when UPS announced the purchase of Menlo Worldwide Forwarding as express firms battled to become one-stop shops for transport services.

The year also saw the merger of Air France and KLM, a growing focus on efforts to move





A temporary ban on DAS Air Cargo's DC-10 fleet because of safety concerns led to the airline's demise

to electronic documentation and complaints of record fuel surcharges – more on that later. Boeing also confirmed plans for a 777 freighter and AirBridgeCargo entered the market.

2005

The fallout from the September 11 attacks continued in January 2005 as the US outlined plans for a new set of security standards requiring bellyhold cargo to be scanned.

Surcharges were back in focus in 2005 as forwarders complained about the array of extras being added to rates and sales agents were “hopping mad” as airlines refused to grant them commission on fuel and security surcharges.

On the M&A front, Deutsche Post in September announced the takeover of UK-based logistics group Exel in a deal worth about €5.3bn. The major acquisition turned DHL into the world's leading airfreight and seafreight forwarder.

The growing importance of China as a manufacturing hub also saw FedEx launch the first direct express cargo flights from Europe, while it also announced plans to open a new hub in the country.

Likewise, UPS was looking to get in on the action through an agreement with Shanghai Airport.

There was also good news for Antonov Airlines after its fleet of AN-124s and its AN-225 were back in the air after being grounded for two years because of the threat of arrest as a result of a dispute between the Ukraine State Property Fund and TMR Energy.

Meanwhile, reports began to emerge that Baxter Global was being put up for sale by its

owner and forwarder EGL was forced to deny speculation that its decision to axe 350 jobs was because it was preparing for sale.

The year also saw the launch of the Boeing 747-8 freighter with orders from Cargolux and Nippon Cargo Airlines.

2006

The biggest story of 2006 and possibly the decade – and something ACN would still be writing about even in 2023 – was the start of investigations into an air cargo cartel that involved fixing surcharges.

ACN reported that on February 14 dawn raids were conducted by competition authorities in the US, Asia and Europe.

Over the coming years airlines were fined hundreds of millions of dollars, civil cases were launched and executives ended up in jail as the case rumbled on.

The year also saw Air Foyle and Air Foyle Heavylift cease trading when partner Antonov Airlines decided to team up with Volga-Dnepr to form Ruslan International.

The new joint venture would market 16 of the 24 AN-124 aircraft that were currently available to the market.

Elsewhere, Schenker took over BAX Global, Cathay Pacific bought Dragon Air and Panalpina discovered a \$25.5m fraud carried out by one of its senior airfreight managers, which resulted in chief executive Bruno Sidler resigning from the role.

2007

Aircraft developments were making the headlines in the first part of 2007 when Airbus announced plans to launch the A330-200 freighter – although sales later disappointed.

Meanwhile, UPS cancelled its order for the

A380F, which was the “final nail in the coffin” for the giant 150-tonne freighter as there were no further orders of the aircraft.

In March, ACN revealed that DHL was holding talks with Lufthansa over a possible joint-venture airline, which would eventually become AeroLogic.

The new 50/50 joint-venture freighter was eventually launched in 2009 with a fleet of 777 freighters.

The big takeover story of the year was EGL's acquisition by Apollo. It was then merged with Apollo's existing logistics business, CEVA.

The takeover was an acrimonious affair as an investor group led by EGL chief executive Jim Crane had previously agreed a deal with the owners.

But that arrangement was later ripped up in favour of Apollo's higher bid.

In October, forwarders were hit by “shock raids” as European and US agents stormed offices in a new antitrust cartel investigation.

The forwarders were accused of fixing surcharges and the fallout, like that of the airlines, would drag on for years to come.

The year was a difficult one for Kitty Hawk, the largest pure all-cargo operator in the US, as it filed for Chapter 11 protection. The company blamed a shift from air to road and eventually folded in 2008.

In addition, DAS Air Cargo's operations were suspended – and its assets sold – towards the end of the year as it faced the financial fallout from a temporary ban on its DC-10s on safety grounds.

2008

This year saw plenty of developments on the airline cargo cartel case. First, in January the European Commission announced the start



→ of formal charges against 25 airlines. Next came the news that civil action was being launched and executives at Qantas, SAS and British Airways were given jail sentences.

There was also controversy at Deutsche Post as chief executive Klaus Zumwinkel was accused of tax evasion. ACN reported that Zumwinkel stepped down from his role to be replaced by Frank Appel.

Early in the year, ACN also reported on the threat of the start of rail services between Asia and Europe under the headline “Airfreight derailed”. Deutsche Bahn reckoned rail could take 20% of air volumes on the trade.

In terms of business, it was a tough year for air cargo as the impact of the global financial crisis hit air cargo demand.

By the end of the year, Emirates SkyCargo’s Ram Menen said the bottom of the air cargo market had caved in: “We are not just scraping the bottom, but chipping at the rock,” he said.

Other top stories for the year included the merger of the Delta Air Lines and NWA fleets, which would eventually see NWA’s freighter operations wound up. MK Airlines faced financial difficulties, Jim Crane re-entered forwarding with Crane Worldwide and Air France KLM announced plans to roll surcharges into the rate.

2009

The impact of the global financial crisis continued to affect air cargo in 2009, with volume declines eventually bottoming out in April at a rate of 22.1%.

In August, ACN reported that yields had hit rock bottom: “Stop the suicidal rates war now” read one front cover as carriers were reportedly offering zero rates on some markets.

A few weeks later, Lufthansa Cargo wrote to its customers to tell them rates would go up by 25% as it warned that if prices continued at their current level, most of the world’s freighter fleet would need to be grounded.

However, by the end of the year, demand had returned as inventories needed restocking and capacity shortages were reported on services out of Asia.

The year also saw the demise of Belgian all-cargo carrier Cargo B in July as it struggled with falling demand and prices on its African and South American services.

A few weeks later there was the long-awaited launch of Air Cargo Germany as it finally obtained its AOC. 2007 also saw the launch of SF Airlines, which has since risen to become the largest freighter operator in China.

2010

Safety and security regulations took on a renewed importance at the start of the new decade.



Lufthansa Cargo told customers rates would have to rise by 25% as the global financial crisis continued

In January, ACN reported that the air cargo industry was preparing for a US requirement that 100% of belly cargo should be screened from August 3.

However, by March the US Transportation Security Administration confirmed that the deadline would be missed.

Later in the year, a UPS Boeing 747-400 crashed, with lithium batteries thought to have started a fire on the aircraft. The incident sparked discussion on the need for stricter rules around transportation of the batteries.

In November, two bomb plots were foiled as terrorists targeted UPS and FedEx freighters. The incidents brought even closer focus on air cargo security.

The year also saw the Icelandic ash cloud cause massive flight cancellations for six days in April.

Once aircraft were back in the skies, shippers complained of sky-high rates as the industry played catch-up.

Elsewhere in 2010, Japan Airlines exited freighter operations, Arrow Air Cargo and MK Airlines both went under as market conditions took their toll, and there were ongoing complaints from forwarders about increases in security surcharges.

2011

Security regulations were back on the agenda in 2011 as the US brought forward its screening requirement to December 31, 2011, after it was knocked back a couple of years in 2010.

The move was in response to the freighter bomb plots. However, there was another U-turn and the date was again moved back.

The other big news from 2011 was the introduction in November of a night flight ban at Frankfurt Airport running from 23:00hrs to 05:00hrs.

The ban prompted Lufthansa Cargo to freeze its €1bn investment plans for a new cargo centre and administrative buildings.

Elsewhere, IAG Cargo was formed

following the merger between British Airways and Iberia, Cathay Pacific and Air China launched joint venture Air China Cargo and there were fears that Dutch booking portal Aircargoshop could cut out freight forwarders by offering discounts to shippers.

American Airlines also filed for Chapter 11 bankruptcy protection.

It was also a big year for ACN, as the publication was bought from Air Cargo Media by German publisher DVV Media. The purchase saw Ray Crane leave the publication he founded in 1983 while Nigel Tomkins returned as editor.

2012

The European Union brought in stricter security requirements in February as airlines flying cargo from a third country were required to have specific approval.

Also, in February, Lufthansa Cargo announced that it would quit its 25% shareholding in Jade Cargo as the carrier stopped flying because of weak market conditions.

Recently launched Air Cargo Germany found itself in trouble after two years of losses but Volga-Dnepr Group then purchased a 49% stake in the airline.

And mounting debts resulted in US freighter operator Southern Air slipping into Chapter 11 protection, which it later exited.

Sustainable Aviation Fuel (SAF) had its first mention in ACN in July as an ICAO initiative to test the fuel was launched.

Plus, paperless cargo was again making the headlines in 2012 as the electronic air waybill came into focus. Forwarders and airlines were blaming each other for the lack of progress while IATA set the target of 20% penetration of the e-AWB by the end of 2013 and 100% by 2015 – targets that were inevitably missed.

The end of 2012 saw the US finally implement its bellyhold screening requirements without too many issues being reported by ACN.



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M&A mania and the rise of express carriers

Air cargo in 2013-2022 was characterised by high-value investments and acquisitions, but it also faced huge challenges, writes **Rebecca Jeffrey**

The period 2013-2022 played host to a mature air cargo market. There was a flurry of merger and acquisition (M&A) activity, alongside a stream of new airlines hungry for a slice of a demand-driven market, according to *Air Cargo News'* (ACN) headlines.

Market adversity was driven by the Covid-19 pandemic, the US-China trade war, and actual war in the form of the Russia-Ukraine conflict.

2013

As companies continued to explore digitalisation, going paperless to drive efficiency started to become a tangible target – with an added bonus for sustainability, although this was still a fledgling concept in the airfreight world. In March, the industry approved a multilateral electronic air waybill (e-AWB), which enabled airlines to have a single agreement with IATA meaning they could accept e-AWBs from participating forwarders, “thereby ending their reliance on paper versions”.

Elsewhere, Greek freighter airline Aerospace One launched in June – though it only lasted until 2014, and the following

month Swissport acquired Servisair. Boeing also confirmed plans for a freighter version of the 787-900 platform – although the variant is yet to materialise 10 years later.

In a nod to the 1990s, the question of whether airlines were encroaching on the role of freight forwarders was raised once more in December, when ACN reported that shippers were keen to do business directly with airlines.

But there was no repeat of KLM's alleged feud with freight forwarders and, as one airline pointed out, forwarders continued to play a valuable and separate role to airlines.

2014

2014 saw US cargo airline Western Global Airlines launch in August with MD-11 freighters. At the end of the year VietJET Air Cargo launched in Vietnam, and BidAir Cargo acquired Imperial Air Cargo.

Miami-based MD-11F operator Centurion Air Cargo did not share the same good fortune. In October it looked to be on its last legs: it faced numerous debts and terminated all its US-Europe flights. But the carrier would struggle on until it finally collapsed in 2018.

Meanwhile, in May, IAG Cargo committed to belly operations when it made the decision to cancel British Airways World Cargo's

agreement with Global Supply Systems for the wet lease of three Boeing 747-8 freighters.

In a contrasting win for freighter capacity, Airbus said in December that it would develop five new Beluga aircraft based on the A330, as an update to the existing five Belugas that were based on the A300-600R.

There was also a key conversion development in December when Egyptair Cargo became the launch customer for German Elbe Flugzeugwerke's (EFW) A330P2F conversions.

2015

FedEx took an express leap in April, when its \$4.8bn bid to take over rival Dutch firm TNT was revealed. The takeover prompted rival express carrier UPS, which had failed to buy TNT in 2013, to gear up for investment in its European business. “Europe the battleground as TNT bid stokes FedEx-UPS network envy”, read ACN's front page.

In October, Danish freight forwarder DSV continued its growth trajectory with the acquisition of California-based freight forwarder UTi to become “the world's eighth-largest airfreight forwarder, up from its existing position of 17th”, ACN wrote.

Other notable acquisitions included automotive logistics specialist GEFCO Group's September takeover of Dutch freight forwarder IJS Global from private equity firm Nimbus; charter company Air Partner's purchase of Cabot Aviation in May; and ground handler Worldwide Flight Services' (WFS) planned majority stake in Fraport Cargo Services in July.





Photo: Carlos Yudica/Shutterstock

Amazon Air launched operations in 2015 through a partnership with ATSG

Russia's Volga-Dnepr Group showed it was serious about growth in June by signing a memorandum of understanding with Boeing for 20 additional 747-8 freighters, with a list price value of \$7.4bn.

And Boeing reaped further rewards in July when US transport giant FedEx splashed the cash again with a commitment to purchase 50 additional 767-300F aircraft to continue its express-centred growth.

The year also saw DHL Global Forwarding write off €345m as it abandoned its botched New Forwarding Environment (NFE) transformation project in favour of a different IT system.

Rumours also began to emerge that e-commerce giant Amazon had entered the airfreight world, setting up a network with a lessor out of Wilmington Park, Ohio.

Later reports suggested that Amazon could be adding European operations in partnership with ASL Airlines, starting with peak-season flights using a single Boeing 737F.

2016

In March, ATSG confirmed reports of a partnership with Amazon on a fleet of 20 767 freighters. The fleet was later expanded through partnerships with Atlas Air and Cargojet, amongst others.

US-based Atlas Air Worldwide Holdings also struck a deal to acquire Southern Air for \$110m. Confirmed in April, the takeover granted Atlas entry into the Boeing 777 and 737 aircraft market.

February saw the launch of the 737-800 Boeing Converted Freighter (BCF), which

the airframer intended for the transport of express cargo on short-haul, domestic routes. The model was an instant hit, with ACN reporting Boeing had confirmed 30 orders and 25 commitments from seven customers.

Plus, the much-anticipated new UK cargo airline CargoLogicAir was awarded an Air Operator Certificate (AOC) by the UK Civil Aviation Authority in February.

Volga Dnepr Airlines and Antonov Airlines also confirmed their AN 124-100 freighter joint venture, Ruslan International, would finish at the end of December after a 10-year partnership.

2017

Amazon's first-ever branded freighter, a 767-300F operated by US-based lessor Atlas Air, flew for the first time in June. "Amazon One" was just one of 40 aircraft that Amazon had agreed to lease through its air cargo partners Atlas and ATSG.

Elsewhere in June, Panalpina acquired Kenyan forwarder Air Connection and Danish freight forwarding and logistics company Carelog Freight Service and its subsidiaries.

And in October, Japanese shipping and transport company NYK set in motion a deal to wholly own its freight forwarding subsidiary, Yusen Logistics, by acquiring the remaining 41% from minority shareholders.

Additionally, the industry was reminded one of the downsides of digitalisation, when in June the Petya cyber-attack hit businesses worldwide. One of the victims in the logistics world was FedEx, which said subsidiary TNT Express was "significantly affected".

On the subject of disruption, one year after the UK's vote to leave the European Union, stakeholders were unanimously keen to minimise the anticipated disruption of multimodal operations.

ACN reported in June that the airport industry had called for a single European aviation market, while UK shippers pushed for negotiations to ensure the continued flow of goods.

2018

In April, Boeing delivered the first 737-800BCF to launch customer GE Capital Aviation Services (GECAS) and operator West Atlantic.

Then in July deals valued at \$11.8bn, Volga-Dnepr Group ordered five 747-8Fs, and the UK-registered CargoLogicHolding, under which CargoLogicAir operated, signed a letter of intent to acquire 29 777Fs.

Following this up in September, Volga-Dnepr Group partner carrier CargoLogic Germany said it was preparing to launch as an express operator and had already sourced three 737 freighters.

One of the biggest acquisitions of the year was Cerberus Capital Management's €1.2bn takeover of WFS in June.

But DSV proved the true path of M&A doesn't always run smooth when it confirmed in October that it had made a rejected takeover bid for CEVA Logistics.

The following month, CEVA Logistics brought French shipping giant CMA CGM's freight management business, CMA CGM Log, for \$105m.

Elsewhere, in November, logistics giant Kuehne+Nagel (K+N) acquired Quick International Courier, a time-critical specialist in aviation, pharma and healthcare shipments.

2019

March saw the completion of DSV's \$5.5bn acquisition of supply chain solutions provider Panalpina. The takeover of Panalpina would





Photo: Carlos Yudica/Shutterstock

CargoLogicAir's Russian links helped to push it into administration in November 2022

→ result in the “creation of the second-largest airfreight provider in the world”, *ACN* wrote.

And CEVA Logistics was under the spotlight again in April, when CMA CGM successfully acquired the fellow France-based business.

Meanwhile, in October, lessor GECAS, which was taken over by fellow lessor AerCap in 2021, was revealed as the launch customer for Israel Aerospace Industries’ (IAI) 777F conversion programme, the first after-market cargo modification launched for the 777 family.

It was also a boom year for German logistics specialist Rhenus Group, which acquired Italian logistics company Cespel, freight forwarding and logistics specialist World Net Logistics in South Africa, Canadian logistics provider Rodair, and Miami-based Freight Logistics Group.

While the Brexit withdrawal agreement treaty was finally signed by the UK and the EU in January 2020, forwarders were in 2019 told to prepare for no-deal Brexit.

ACN reported in February that DHL Express had hired 300 customs agents, and freight forwarder Panalpina had set up a Brexit task force. The UK government also put measures in place to ensure the continuity of flights.

On a global scale, there was a decline in demand to contend with, with one *ACN* headline in October reading: “Air cargo in longest slump since global financial crisis”. IATA said the US-China trade war, which had been ongoing since 2018, had a clear negative impact on the industry.

2020

But the market was soon set to pick up. 2020 brought the unexpected crisis that was the Covid-19 pandemic. Belly capacity was severely curtailed, with greatly reduced flight numbers at the beginning of the year.

Airlines improvised by utilising unused passenger planes for cargo, with terms such as “preighters” and “cargo-in-the-cabin” entering air cargo terminology for the first time, and freighter operators ramped up business.

In March, *ACN* reported that airfreight rates continued to rise as capacity became scarce – but vital – as the industry worked to transport medical supplies. Capacity eventually started to return later in the year, while rates were later buoyed by the rollout of the first vaccines.

But the industry also suffered with supply chain stoppages, which resulted in redundancies and recruitment freezes.

In October, the first A321 freighter converted by EFW began commercial operations with Qantas for Australia Post, following a September redelivery to its owner, lessor Vallair.

And Amazon confirmed in November that it had begun Amazon Air European airfreight operations from its new hub at Leipzig/Halle Airport, plus leased two branded 737-800 aircraft from GECAS for operation by ASL Airlines.

2021

Continued ocean shipping congestion from 2020 and reduced belly capacity aided sustained high demand and capacity shortages in air cargo in 2021, a winning conundrum for charter brokers, reported *ACN* in February.

And in July, one of *ACN*’s headlines looked at how high ocean freight rates were pushing forwarders and shippers to turn to airfreight. 2021 also saw shipping lines moving into airfreight.

CMA CGM Air Cargo launched in March, offering flights between Liege and Chicago operated by Air Belgium using an A330-200F.

In November, Danish container shipping giant Maersk revealed it would acquire Hamburg-based freight forwarder Senator International, whose own-controlled capacity aligned with Maersk’s airfreight strategy, reported *ACN*.

The purchase, completed in June the following year, had an enterprise value of about \$644m.

Elsewhere, Kuehne+Nagel (K+N) agreed to acquire Apex International Corporation in February. The transaction, with an

estimated value of \$1.5bn-\$2bn, was set to “make the company the largest forwarder in the airfreight market”, wrote *ACN*.

DSV also “became a top three global forwarder” said *ACN*, when in August it acquired Agility’s Global Integrated Logistics (GIL) business in a deal worth about \$4.1bn.

2022

Pandemic-led operations changed in 2022 when the European Union Aviation Safety Agency (EASA) declared in April that cargo-in-the-cabin flights, which had been operating since 2020, would not be allowed beyond July 31.

Meanwhile, pandemic measures continued to restrict China and Hong Kong’s air cargo operations, with carriers such as Cathay Pacific reflecting the strain with reduced volumes and capacity.

The Russia-Ukraine war also shaped operations, from sanctions placed on Russian fleets, Ukrainian aircraft unable to fly, diverted flight paths and reduced airfreight capacity.

CargoLogic Germany was declared insolvent in May after sanctions – because of its links to Russian individuals – affected its ability to do business. CargoLogicAir suffered the same fate, entering administration in November.

In February, the industry learnt that the unique Antonov AN-225 “Mriya” aircraft had been destroyed at Antonov’s Gostomel base near Kyiv. Antonov Airlines later transferred its operations base to Leipzig, Germany.

April saw the launch of the Billund Airport-hubbed Maersk Air Cargo, which began operations at the end of October, with Amerijet-operated scheduled flights between the US and South Korea.

And CMA CGM Air Cargo, which had switched its hub from Liege to Paris CDG, received its air carrier certificate from the French Civil Aviation Authority in June, announcing plans for a fleet of 12 Boeing and Airbus freighters by 2026.

At the end of 2022, MSC Air Cargo began operations with Atlas Air flying a 777-200F, and adopted Liege as its European hub.

Other notable takeovers included Atlas Air Worldwide’s roughly \$5.2bn acquisition by an investor group in August; Agility subsidiary National Aviation Services’ (NAS) agreement to buy John Menzies in February; and ULD firm Envirotainer’s €2.8bn sale by private equity firm Cinven and co-investor Novo Holdings to private equity firm EQT and investment company Mubadala.

The year ended with German rail group Deutsche Bahn confirming speculation that it would examine the potential sale of up to 100% of its shares in its forwarder DB Schenker in order to focus on its core rail business.



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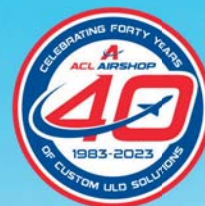


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Let's get digital

Air cargo has been criticised in the past for being slow to digitalise its processes – but in recent years progress has accelerated, writes **Yvonne Mulder**

Although the industry has been criticised previously for being slow to adopt technology and digitalisation, there have in fact been plenty of investments over the past 40 years that demonstrate the industry's progress.

The beginning of digitalisation in the industry was made possible by Microsoft, according to Christopher Hewlett, co-founder of BoxTop Technologies, a freight management software company.

"The big change 40 years ago was that PCs started to get affordable for smaller businesses," he explains. But it was not an easy or rapid transition.

For many people, he says, "It was a frightening experience to buy, let alone maintain, the equipment. And then they were wary about clicking the wrong key and bringing the whole system down – and in those days, you probably could."

Initially it was all about hardware. In the airfreight business, Hewlett says, it was Geoff Stow, founder of Redberry, who came up with pioneering software solutions so that smaller companies and freight forwarders could go down the digital path.

In the beginning, much of the software was used to recreate manual processes and often

related to the accounting side of the business, rather than to the operations.

In the 1980s, computers were making an early impact on the air cargo industry, although there was some trepidation from users and the high cost of implementation meant they were limited to the larger players.

Some of the digital developments in the 1980s sound vaguely in line with what the industry is still aiming to achieve today.

For instance, one forwarder implemented a new system that could store customer details and shipment information, connect with accounting systems, produce documentation such as manifest and air waybills and even display rates by typing destination and type of cargo.

There were, of course, key differences: paperwork was still printed and users had to utilise a single computer terminal, rather than everyone having a shared network they could access from a computer on their desks.

Elsewhere, the 1980s even saw the start of cargo community systems. One such example was Schiphol Airport's launch of Cargonaught in 1984.

The system aimed to move the industry towards paperless cargo by providing forwarders, airlines and handlers up-to-date information on freight consignments via screens on their own computers.

The end of the 1980s began to see desktop computers become increasingly commonplace in the office, but it was arguably the 1990s when they became standard and the internet and email allowed for greater connectivity with customers and suppliers.



The start of the internet age

The increasing use of computer technology and the World Wide Web in the 1990s combined to result in some key milestones.

Email sped up the rate at which air cargo stakeholders throughout the supply chain could exchange information. Elsewhere, IATA →

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→ in 1996 lobbied global governments to sign the Montreal Protocol No 4 and end the use of paper air waybills to reduce costs and inefficiencies.

Another notable development was the first cargo capacity to become available on the Web in the form of the Cargo Online wholesale platform, also in 1996.

The digital platform connected forwarders and airlines by providing the direct marketing of cargo charter flights and an online searchable database of all available cargo capacity.

Despite increased internet use, there was, however, speculation over how quickly stakeholders would move from electronic brochure-style websites to more seasoned interactive offerings.

Many businesses focused their efforts on offering online track-and-trace shipment services.

Towards the end of the decade, companies made large investments to ensure their computer systems could withstand the impact of the so-called Millennium Bug – luckily the industry’s fears proved unfounded.

Paper age

The digitalisation of air cargo continued in the 2000s and 2010s with the industry increasingly recognising the benefits of digital technologies – such as greater efficiency, improved visibility, reduced paperwork, and enhanced customer experience.

Also, cargo tracking improved with the use of RFID and GPS, and cargo management systems continued to gain traction.

However, this period will probably be best remembered for air cargo’s slow progress in adopting digital technology compared with other industries.

While online sites such as Ebay and Amazon became standard ways of shopping and the passenger aviation industry moved to paperless ticketing and online selling, air cargo remained in the paper age, with air waybills continuing to be printed and communication with customers and suppliers remaining stubbornly email and telephone-based.

Why the slow progress? The complexity and fragmentation of the industry, legacy systems, the regulatory environment, industry resistance and mindset and a lack of standardisation have all been to blame.

Arguably, the turning point for air cargo came in 2020 with the arrival of the Covid-19 pandemic. The constant rate and capacity fluctuations made digital data and connectivity key to making informed decisions.

Meanwhile, homeworking meant that digital communication became ever more important.



Photo: Heelen Haagen/Shutterstock

PCs – and then Apple Macs – arrived in the 1980s

The biggest winners of this period were arguably the online booking portals that were able to provide real-time information and speedier booking than back-and-forth emails between various industry players.

Much of this was enabled by the rise of application programming interfaces (APIs), used for communication between different software applications for real-time data exchange.

During this period, the electronic air waybill finally gained traction and artificial intelligence and data analytics began to be used to analyse large volumes of data to help with optimisation and forecasting.

Despite the industry’s progress around digitalisation in recent years, most commentators agree that there is still a long way to go to roll out the digitalisation process and to reap the full benefits.

Tristan Koch, chief operating officer at software development company Awery, explains: “You might think that everything is digital to some extent already, but at the bottom end of the market people are still working on paper and spreadsheets. For smaller regional carriers, it’s paper and Excel.”

Even where there has been some degree of automation or digitalisation, it can be very difficult to persuade companies to take the next step.



Koch: “For smaller carriers, it’s paper and Excel”

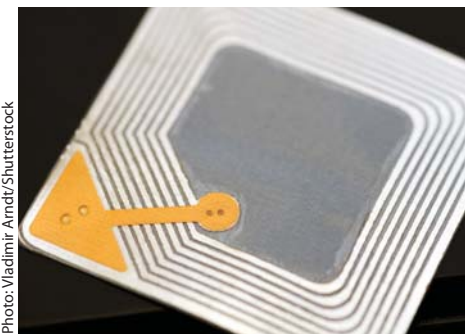


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RFID systems helped operators to track cargo

“There are a whole lot of legacy systems – which were expensive. So, people are reluctant to give them up. But many are no longer fit for purpose.

“And where upgrades were done, this often involved adapting or adding to existing systems, so there is a lot of inherent complexity,” he explains.

One of the main problems is lack of cohesion. One solution has been to develop bridging software that allows different systems to communicate with each other.

Endless options

Koch says: “Now, we have APIs between different technologies. If relatively modern, the systems can be connected with bridging technology. But there is a limit to that.”

For many businesses starting on the digitalisation journey, the options seem endless and the problem is figuring out how to choose the best route.

Matthew Bradley, managing director, Community Network Services (CNS), has some advice: “Don’t try to eat the whole elephant; do it one slice at a time. The hardest thing can be taking the first step – so choose partners to work with and take it from there.”

Bradley was one of the speakers at the Digitalisation of International Trade and Transport seminar at Multimodal in the UK in June.

Samantha Brocklehurst, customer experience director – UK and Ireland, Maersk, added that the key “is getting people to be brave, to take a leap into the unknown. It takes role models – and then others will follow”.

Sam Blakeman, product marketing manager, Customs4Trade, says that the weakest link in the digital flow tends to be customs. His company is working to digitalise the customs process where there is still a lot of paper-based activity.

For Nallian, the provider of data sharing platforms and an ecosystem of collaborative solutions that power Brussels Airport’s BRUcloud, digitalisation is about producing a smooth, predictable supply chain. And that means collaboration between parties is key.



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→ Joke Aerts, director of marketing, describes the process as “going from a linear, reactive supply chain to a connected, proactive supply chain. Information can cascade downstream... and allows you to register one version of the truth”. She says: “Our community system is complementary to customers’ own systems. We make it smooth and do not ask them to throw away all the IT they have invested in previously.”

Chief executive Jean Verheyen adds that the most value you can add for customers is where resources and/or space are in demand.

“Where the environment is challenging in terms of space – especially expensive airport space – being able to plan, or change plans as information flows through, is vital.”

Nallian asks potential customers to consider the cost if they don’t invest.

“Gains are at various levels – often the biggest point is what you could win if an operation runs more smoothly. With digital, everything is visible, which also helps resolve any potential disputes – for instance, about cargo loss or damage.”

The benefits of digitalisation have changed over the past 40 years. Initially, it was about saving time and reducing errors by not having to retype the same information over and over on different sheets of paper. Then it became about keeping up with the cargo – sending all the necessary information at the same time as – or even ahead of – the individual shipment.

As systems became more interactive and operated in real-time, exchanging data about predicted cargo volumes and forecasts – and, crucially, about delays and problems – allowed better planning of resources.

The watchwords became visibility and transparency and these are driving greater digitalisation.

Aerts says: “The expectation now is that you can trace anything you order personally – follow the driver to your door – so you must be able to do it in your own business. No one



Data sharing specialist Nallian says digitalisation is about producing a smooth, predictable supply chain

accepts that it cannot be done. The pressure comes from your customers.”

And that visibility is being used more and more by customers to check the things that matter to them, and to their own customers.

Bradley said that for CNS, digitalisation was about doing things with more visibility and transparency.

“But that purpose has undergone a dramatic change: customers and shareholders are asking ‘how do you play a part in sustainability?’ Digital is key to that. It optimises your supply chain. Digitalisation is our contribution to saving the planet – without sounding too dramatic.”

Collaboration aim

He added that companies have to be brave and embrace change.

“We also need regulatory change that requires us directly or indirectly to collaborate,” he said.

“It could be about CO2 emissions, where we need to exchange data through the supply chain. Or about provenance information, such as proving ethical labour standards.”

As a case in point, Lionel van der Walt, chief growth officer at Raft, an emissions data specialist, says forwarders need to take advantage of digital solutions as a matter of urgency ahead of new sustainability reporting regulations coming into effect across the US and the EU.

“The US climate regulations set to be published imminently, alongside those already in place in the EU, are predicted to have a major impact on the logistics industry, yet most forwarders are either unaware, don’t understand, or are purposely ignoring these regulatory changes until they must comply,” he says.


“Time is running out for companies to adjust to the new era of collecting, managing,

calculating and reporting the required environmental, social, and governance (ESG) data, including information on greenhouse gases. This can overwhelm most forwarders who lack the knowledge or resources to do so quickly and accurately.”

Brocklehurst says that trust is needed between disparate players.

“This has been a challenge and is likely to continue to be. If we plug quite sensitive data into one hub, how do we protect it? You can see why some are reluctant to come to the table and lean in and trust.”

Continued digitalisation seems inevitable, but Blakeman has a warning: “We need to be careful not to over-engineer things. It seems it can take 15 minutes to turn on a light in my house – as I need to download an app, and so on.

“Lots of solutions still rely on a ‘fall-back person’ somewhere. I don’t see AI filling that gap for everyone. Brokers and specialists are still involved. Don’t overlook people with their knowledge and experience.” 



Aerts: “The pressure comes from your customers”



Verheyen: “Being able to change plans is vital”

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Where now for air cargo?

There is no reason to think the pace of change in aviation will slow down, with the climate crisis as one of the biggest drivers of innovation. **Alexander James** asks a number of industry experts what they think the future will bring

Firstly, I shall say that I have the pleasure to be looking at the future of the industry from the comfort of a beach hammock somewhere in the world," TIACA director general Glyn Hughes tells *Air Cargo News* (ACN) when he sits with us to share his thoughts on what the future holds for the airfreight industry.

Hughes holds a unique tie to this publication. He began his freighting career almost to the day when ACN published its first issue; 40 years in the future, he believes that the fundamentals of the industry will remain the same.

"It will still be moving things from one place to another," he says. "But I feel everything around that will take leaps forward from where we are today.

"The industry will be fully digitalised, as will most aspects of our lives, so supply chains will be optimised and cash effective.

"By that I mean that only what is needed will be moved. AI will analyse our lives and predict what will be purchased by whom and when. So, speed and efficiency will be critical."

To accommodate these changes, there is a perception that dominant manufacturing centres such as China may see volumes erode.

This would be in marked contrast to the present state of play, in which the People's Republic finds itself responsible for 28% of all the world's production output.

Hughes seems confident, though, that the days of this Asian powerhouse as the main global manufacturing site are over, noting that

it will not simply be a case of China plus one, but "China plus two, plus three" and so on.

Should he be right, this will provide a shot in the arm for carriers, with increasing demand for capacity in underserved markets as production centres begin to disperse around the world.

Hughes is not alone in contending that one of the most dramatic shake-ups for airfreight will come from the external reorientation of the global economy.

"Supply chains are being reshaped by geopolitical forces," chief executive officer of Dronamics Svilen Rangelov tells ACN.

In fact, like Hughes – and ACN, of course – Dronamics is also celebrating something of a milestone.

2023 marks 10 years since Jeff Bezos' announcement that the ubiquitous

e-commerce behemoth he founded would be developing last-mile delivery drones.

It was this announcement, Rangelov says, that "inspired us at Dronamics to do something quite different". Since then, how does he see things as having changed?

"The technology and regulations for cargo drones have advanced significantly in recent years, and it is just a matter of time before drones become an integral part of the cargo ecosystem," he says.

"As drone technology continues to improve and regulations become more established, the wide adoption of cargo drones is the future.

"Supply chains are being reshaped and our cargo drone solution simplifies the regional movement of goods, which we are seeing more of. So, it's a push-and-pull of forces."



"Supply chains will be optimised and cash effective. Only what is needed will be moved. AI will analyse our lives and predict what will be purchased by whom and when. So, speed and efficiency will be critical"

Glyn Hughes, TIACA



Will drones become a dominant delivery option?



Since he has skin in the game, it is unsurprising that Rangelov sees drones as a big part of the future for airfreight.

And Hughes seems to share that faith. Asked whether he sees any opportunity for drones to stake their space in the sector, the TIACA director general describes it as a “total opportunity”.

“Drone operations open up the industry to many more possibilities to serve the customer community,” Hughes adds.

“From rapidly delivering critical medical supplies to the delivery of gourmet meals to supporting remote villages with supplies to delivering e-commerce, the potential applications for this new class of aviation are significant and endless.

“The challenge is how we commercially integrate and leverage the existing airfields and air space for cohabitation in the sky.

“ICAO will play a leading role in establishing cross-border regulations to support that phase of drone operations growth.”

Others are more circumspect. Speaking to forwarders, you get the sense that they think the technologists and drone enthusiasts have not thought through the application of drones in a real-world setting.

Recognising their viability for rural and remote deliveries, or for urgent medical deliveries, they – and other sources, of course – agree that there is scope for this. Looking at Dronamics, they think its drones will open up parts of the developing world that lack the traditional infrastructure of airports.

Asked if they represent the future

of airfreight, though, one forwarder tells *ACN* that the idea of drones whizzing over the skies of London is “quite frankly, ridiculous”.

Ashwin Bhat, chief executive of cargo at Lufthansa, appears to have a similar belief in the limited range of work drones could be involved in.

“For short-range cargo flights with payloads under five tonnes, drones could offer an alternative,” he says. “But for long-range transportation between large and busy airports, this seems to lie in the distant future.”

Concurring, head of revenue management and network planning at Etihad Cargo Leonard Rodrigues says drones are the “hot topic” but that they remain “largely untested” and lack the capacity to transport large volumes on a single flight “making economies of scale challenging”.



Nonetheless, and like Bhat, Rodrigues believes there is short-term gain to be had from the emergent drone sector, seeing them as capability enhancing for “smaller loads or across smaller distances”, he tells *ACN*.

“Whether drone technology will develop to enable the safer, more efficient piloting of the current in-service cargo fleet remains to be seen,” Rodrigues continues.

“While we anticipate significant barriers to entry for larger-capacity unmanned aircraft, as the ecosystem for the secure handling and air traffic management for crewless flights does not currently exist, our sector is evolving and adapting all the time, so this may become a reality in the longer term.

“Drones definitely present an opportunity, constrained only by regulatory limitations that will be lifted gradually.” →

“The technology and regulations for cargo drones have advanced significantly in recent years, and it is just a matter of time before drones become an integral part of the cargo ecosystem”

Svilen Rangelov, Dronamics

→ “Etihad Cargo is in the exploratory innovation phase of looking at how drones could be used to enhance our current capabilities, which means a strong first-use case will pave the way for this opportunity.”

If drones remain “distant”, what is nearer? Young people, Bhat says. And with that focus on youth, he stresses that the future for air cargo is inherently one premised on sustainability above all else.

In this sense, he believes, like Hughes, that the future will not be revolutionary: the fundamentals of freight will remain the same, but the underlying ethos will change.

“Let’s be very clear, you won’t be able to attract the younger generation if you are not in the area of being sustainable because they want to work with companies and organisations that are ethical and are contributing to communities and the wider world,” Bhat says.

And the industry is certainly making the right noises on this front – although concrete steps are a little harder to detect. Keeping in line with IATA industry targets, Etihad Cargo has committed to achieving net-zero carbon emissions by 2050.

In its push towards achieving this, while meeting increased capacity demand for e-commerce goods, Rodrigues says the carrier has been developing and adopting sustainable practices across its operations.

“You won’t be able to attract the younger generation if you are not being sustainable because they want to work with companies that are ethical and are contributing to communities”

Ashwin Bhat, Lufthansa

“In 2022, Etihad Cargo became the first Middle Eastern carrier to join TIACA’s BlueSky sustainability verification programme and achieved an advanced rating for the decarbonisation objective.

“This demonstrated our progress in investing in and deploying sustainable aviation fuels [SAF], upgrading aerial fleets and ground vehicles to reduce carbon emissions, reducing energy consumption across our operations, and optimising fleet utilisation,” he continues.

“SAF is certainly a cause for hope that the sector will be able to meet its green commitments. In 2022, in partnership with



net-zero solutions provider World Energy, we operated the first net-zero flight powered entirely by Sustainable Aviation Fuel Book & Claim, and DSV Global Transport and Logistics became our first partner to purchase SAF to offset the carbon emissions of its cargo shipment.”

Rodrigues’ comments open up an additional question on the future of air cargo: is there space for e-commerce in it?

In addition, if air cargo’s future is dependent on being sustainable, does Rodrigues believe there is any stock in the notion that e-commerce is antithetical to this? His answer is a resounding “no”. →



SAF could help aviation meet green commitments

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Electric aircraft are unlikely to have a big impact on the cargo sector until significant investment is made

→ “E-commerce itself is not inherently unsustainable, and carriers have the opportunity to rephrase the challenge of unsustainability as a decision to invest in the future and make operations more sustainable,” he continues.

“Driven by the need to go green and the commitment of a number of carriers to reach net-zero emissions, the market will likely regulate its need and we will find a balance.

“It is also worth noting that the transportation of goods generates fewer carbon emissions than the incorrect localisation of production.

“To achieve higher levels of sustainability, products need to be produced in places using processes that minimise overall carbon emissions. Therefore, the impact of transportation, while not zero, is secondary compared with the manufacture of goods and products in minimising carbon emissions.”

But does Rodrigues see other potential routes to a sustainable air cargo future?

“Electrification,” he suggests – but he warns that innovation in that field is limited at the moment.

As a result, electrification’s potential remains dependent on a surge in investment and the development of far more ambitious projects, if it is to have the same potential as SAF.

Crucial to any future change, though, Hughes says, will be the development of technical and operational standards, “critical to support fledgling industries” that will allow the collective to develop in tandem from a shared base.

Typically, all industries are resistant to regulation, seeing it as a potential roadblock to development, innovation, and success.

Rodrigues says this perceived reluctance to change could be more a function of the high cost of adoption of standards and new technology.

Therefore, he adds, doubts over new regulations could be a matter of timing, with willingness to adopt dependent on the cost of adoption falling to an acceptable level.

In Rangelov’s view, willingness to embrace new regulations may be seeing something of a sea change.

“With advancements in technology, the increasing availability of data, and the climate urgency, the industry is making some important steps towards regulation embracing innovation while upholding the highest standards of safety,” he says.

Fast movers

Does Rangelov’s receptiveness to regulatory changes place him among the category of “innovator” that Hughes considers as so important in the regulatory landscape?

“As industries mature, the need for standards tends to get focused on regulatory compliance, safety and security provisions but operational differentiators often are established by those who can innovate and adopt new ideas the quickest,” Hughes continues.

All those who ACN spoke to share in the sentiment that the past decade has witnessed major strides in the development of the industry.

There have been much stronger commitments to digitalisation, the industry has become far more vocal in its support for greener operations, and there seems to be greater productivity in innovating – rather than relying on what one industry source described as air cargo’s “Rube Goldberg” approach to operations.

For his part, Hughes says the combination of great innovation that the sector is now seeing, combined with a willingness to regulate, will “hopefully lead to hyper innovation, which will take our industry significantly further forward”.

What, then, does that future “hyper innovation” look like? Rodrigues has some ideas.

“What if technology could make cargo more like passengers? Today, passengers get themselves to the airport, they are responsible for their own documents, and they board the aircraft,” he concludes.

“This is in contrast to cargo, where stakeholders are tasked with facilitating every move.

“Greater adoption of automation and smart technology has the potential to make cargo more autonomous, utilising digital tools to enable it to carry out self-reporting, provide greater trackability and create a more seamless experience.

“Cargo would essentially become more like passengers, capable of playing a greater role in its own journey and setting the stage for more meaningful interactions between the actors within the supply chain, including the shipment itself.”



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