

## Main attractions at Air Freight Asia 2011



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## What's **NEW**

Conference with a sharp Asian focus, includes for the first time a LOGISTICS Conference and Pavilion.

**Highlights will be CARGO NETWORKING DAYS with ONE-ON-ONE MEETING ZONE**

Air Freight Asia 2011 will depart from the typical air cargo conference programme setting, and feature a broader range of participants, including shippers, forwarders, sales agents, software and equipment suppliers, etc, along with the carriers themselves to get their views and suggestions.

The Logistics conference will allow key industry figures to discuss trends and issues impacting supply chain management in Asia. Latest products, technologies and services will be exhibited at the pavilion to add value to all the participants.

During all three days at the Air Freight 2011, delegates interested in the Cargo Networking Days and One-on-One Meetings can take advantage of the networking opportunities provided.



■ Donald Urquhart  
Conference Producer/ Editor Payload Asia

## Hong Kong International Airport unveils new destination incentive

Since April this year, Hong Kong International Airport (HKIA) has added 10 destinations, including one newly launched destination to Salt Lake City and nine resumed ones, according to an Airport Authority of Hong Kong spokesperson.

As global economies have started to recover from the recession, she says that carriers have been active in adding more flights, launching new destinations, or restoring flights that had been suspended during the financial crisis.

"To attract new airlines to operate at HKIA and to encourage existing airlines to open new destinations, HKIA has rolled out a New Destination Incentive Arrangement (NDIA) scheme, under which airlines are offered a 75% rebate on landing charges for flights on new routes for the first six months and a 25% rebate in the following half year," she adds.

### **Air Freight Asia 2011**

Asked about the significance of holding the Air Freight Asia 2011 in Hong Kong, the spokesperson says that this prestigious event provides an ideal platform for industry players to build network and keep abreast of trends.

She says that in view of the strong economic growth of the Chinese mainland and the ongoing trade integration worldwide, the Airport Authority of Hong Kong was confident that the long-term demand for air services at HKIA would continue to grow. "For the first seven months of this year, robust demand had seen cargo throughput at HKIA increase 33.3% year-on-year to 2.3 million tones," she remarks.



■ Aircraft parking at HKIA

Regarding HKIA's expansion, the spokesperson says that the Airport Authority of Hong Kong keeps upgrading its facilities and services to cope with the growing demand for aviation services as well as to maintain the airport's competitiveness. Currently it has a total of 34 cargo parking stands and a variety of cargo and mail handling facilities operated by Hactl, AAT, DHL, etc.

#### Increased cargo capacity

Hong Kong airport's annual cargo handling capacity will be further increased by 2.6 million tonnes to 7.4 million tonnes when Cathay Pacific Services' new cargo terminal enters service in 2013, the spokesperson says.

With regards HKIA's midfield expansion project, she admits that the Airport Authority of Hong Kong is also studying this project, which to add new facilities and thus new capacity to the airport, will determine the design of a new midfield concourse and supporting facilities.

This expansion project, whose construction work is planned to begin in 2011, is scheduled for completion in two phases. By 2020, a total of 20 new bridge-served stands and 10 remote stands are expected to come into service. Cargo freighters can also park at those remote stands.

Upon the expansion project's completion, HKIA's handling capacity will be increased to 70 million passengers and six million tonnes of cargo per annum, meeting the expected traffic demand up to 2020.

Another long-term airport plan study - HKIA Master Plan 2030, is also under way to review the airport's air traffic forecasts, capacity requirements, development plans and growth strategies, to ensure that HKIA continues to have sufficient capacity to meet growing demand for aviation services.

#### Mainland Airports' cooperation

By bringing Hong Kong's expertise on airport management and business development, traffic flows at Zhuhai Airport continues to improve after the JV started manning Zhuhai Airport in October 2006. The airport's passenger and cargo throughputs have also increased 74% and 55% from 2006, to about 1.4 million and 140,000 tonnes in 2009, respectively. The number of airlines serving at Zhuhai Airport also has risen from five in 2006 to 10 in 2009, with the number of destinations reaching 23.

HKIA has jointly launched with Shenzhen Airport in 2008 the Hong Kong-Shenzhen Airports Link, a service that enables passengers at HKIA or SZIA to check in and obtain boarding passes for connecting flights at either airport. More than 30,000 passengers transferring at HKIA and Shenzhen Airport had used the service since 2008.



■ Exterior of T1 at HKIA

## Logistics Pavilion to be a big hit with forwarders

Air Freight Asia 2011, organized by Reeds Exhibition, will attract many freight forwarders to this prestigious event with the inclusion of the Logistics Conference and the Logistics Pavilion. It would for the first time bring big and small freight forwarders together at one venue.

According to China Logistics Club/Africa Logistics Club chairman Henrik Christensen, the event would, for the first time, give an opportunity for the SME freight forwarders to have smaller booths.

"We plan to have a large African delegation of freight forwarders attend the event next year, and the Hong Kong authorities will hopefully be more cooperative with visas for our members from Africa. Africa Logistics Club is holding the first major conference in Nairobi in October and we will invite attendees to support AFA '11," Mr. Christensen says.

"Exhibitions on their own often find it very difficult to attract SME freight forwarders and we hope this unique combination with a freight forwarding conference from China Logistics Club, will help to change the format of exhibitions in the future," he remarks.

#### Establishing contacts

As to what percentage of forwarders and/or logistics providers, based on his past experience of cargo networking activities, would really be able to establish contacts and also benefit from new or increased business, Mr. Christensen says: "My experience from the last nine conferences in China shows that the personal face to face meeting is a critical component to start a real contact with a new partner.

"I know from our members that the more they meet the more business they get. Business is often a combination of chemistry between the people, the right services and being found financially reliable that leads to new business," he explains. "I would say that virtually all our members get new business at every conference, otherwise they would not return conference after conference. I hope with even more opportunities at AFA '11, our members will do even better than our traditional conferences in China."



■ Henrik Christensen  
China Logistics Club / Africa Logistics Club Chairman

He points out that developing new relationships with carriers is becoming more and more important to SMEs to enable them to get space so as to service their customers. "This is why I believe this event will be very important to our members to have a chance to meet the carriers direct."

"We tend to concentrate on the networking aspect for our members, helping them find the right partners who are financially sound," he adds.

Regarding global economy recovery, feedback from China Logistics Club members indicates that several economies are recovering very well and business is very good again. "Look at Cathay Pacific as an example of huge growth," Christensen says.

#### **Lessons from recession**

Asked what lessons SMEs had learnt from the global economic crisis and the recent global recession, Christensen says: "(The main lessons learnt was) not to rely on banks for financing, cut back on dealing with slow paying agents and develop new markets. Many of our Asian members are now looking to new markets with better margins, giving up on the traditional US and European low margin markets."

China Logistics Club and the African Logistics Club hope that giving its members the new GLS freight payment insurance and an option to deal only with the financial reliable companies that are guaranteed to pay on time will also help them to grow faster.

China Logistics Club, Africa Logistics Club, European Logistics Club and CLC project have a total of 365 members. All the different clubs have only one membership database covering the companies that have the GLS freight protection insurance.

Although members are not asked to declare their tonnage, Mr. Christensen says the feedback on the tonnage growth in recent months has been "very positive".

## **Interview with Ms. Lilian Chan, General Manager, Marketing and Customer Service at Hong Kong Air Cargo Terminals Ltd**

Ms. Lilian Chan, General Manager, Marketing and Customer Service at Hong Kong Air Cargo Terminals Ltd (Hactl) shares her views of what the world's largest air cargo terminal – SuperTerminal 1 - thinks of the air cargo industry's future and what strategies Hactl is adopting to ensure sustainable development.

#### **What is the future of the air cargo industry in the 2nd half of this year and beyond? Comments please?**

Ms. Chan: Having gone through a year full of challenges in 2009, we have witnessed a strong rebound of 38.4% in our total tonnage volume in the first half of 2010. Due to the higher base effect in the second half of 2009 and the completion of the recent restocking cycle, we saw a softer growth in our tonnage in the second half of 2010.

Year-on-year tonnage growth for May, June and July 2010 were 44.6%, 30.5% and 27.7% respectively, while August 2010 recorded a much-slower tonnage growth of 17.5%. Given the very encouraging tonnage volume in the first half of 2010 as a result of the strong economic recovery, we remain optimistic about the overall outlook in 2010.

Looking ahead, we will stay focused and be cautious over the global economy's growth prospects as the European sovereign debt crisis is adding a lot of uncertainties to the global economic recovery. In face of the possible challenges, we will strive to uphold our consistent quality service provision to be the partner of choice for our customers, sustaining Hong Kong's status as the world's No.1 air cargo hub.

#### **Is Hactl optimistic about the air cargo growth and what strategy or strategies will your company adopt to ensure the sustainability of the air cargo growth via your facilities?**

Ms. Chan: We saw plenty of business opportunities arising from the growing airfreight demands in the region. While we understand that airline customers are set to expand their businesses to capitalise on the thriving opportunities, we strive to provide more comprehensive services, streamline work processes and invest in upgrading facilities as well as adding new hardware and equipment to cope with increasing service needs.

They are all planned in advance to make sure that we have the facility and the capacity so that we could always stay at the forefront of the industry to provide our existing and potential customers the highest level of services, which would surely sustain our growth into the long-term future.



■ Ms. Lilian Chan  
Hactl's General Manager, Marketing and Customer Service

**We understand Hactl has appointed a new Managing Director. Details please?**

Ms. Chan: Mr Mark Whitehead, former Executive Director of Hongkong Land, is the Managing Director of Hactl effective September 2010. Mark held numerous management positions within the Jardine Matheson Group over the last 23 years. Mr Whitehead is replacing Mr Anthony Wong who joined Hactl in 1999 as Managing Director and is now retiring but remaining as advisor to the company.

**Will Haxis, a wholly-owned subsidiary of Hactl, play a greater role in the future for your company's activities, if so, how?**

Ms. Chan: Haxis is one very important arm for our business development in Mainland China and it will for sure play a greater role as airfreight picks up in the region. Since 1984, Haxis has been providing value-added logistics support services, including a range of innovative logistics support services and I.T. services covering import and export logistics in Hong Kong as well as in Southern China, complementing the regular services offered by Hactl to the air cargo industry.

Growing airfreight demands in the region creates various business opportunities for airlines looking to extend their reach in the region. Located at the heart of the region, Hong Kong is playing an increasingly important role as the gateway to China, and Haxis serves as the opportune strategic arm for Hactl to further strengthen Hong Kong International Airport's (HKIA's) connectivity with the Pearl River Delta (PRD) region, a very important market to both our airline customers and HKIA.

In the PRD region, Haxis offers innovative and efficient logistics support services to freight forwarders, airline companies and shippers operating in the region via its subsidiary, a Shenzhen-based company, SuperLink Logistics (Shenzhen) Company Limited.

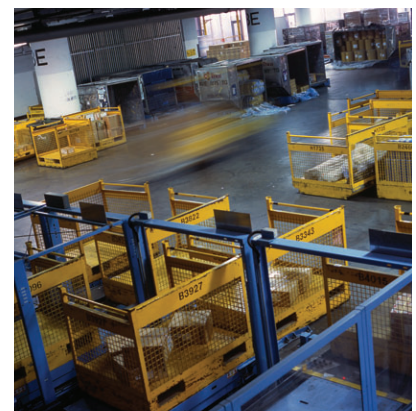
**Statistics to show Hactl's growth in 2010 versus 2009**

	2009	2010	YOY Growth
Jan	142,754	212,623	48.9%
Feb	133,624	180,033	34.7%
Mar	186,636	244,087	30.8%
Apr	174,809	248,027	41.9%
May	177,980	257,315	44.6%
Jun	187,955	245,352	30.5%
Jul	201,157	256,838	27.7%
Aug	206,810	243,039	17.5%
Sep	212,391	-	-
Oct	225,856	-	-
Nov	241,157	-	-
Dec	232,476	-	-
<b>Total</b>	<b>2,323,605</b>	-	-

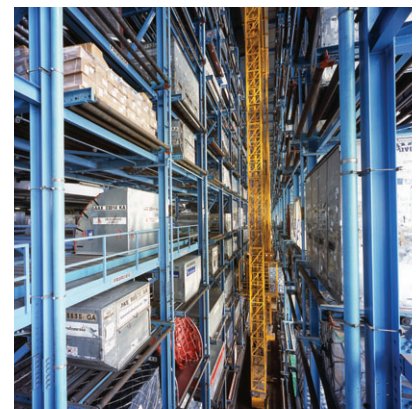
Source: Hactl



■ Exterior of Hactl building



■ Bulk Cargo Distribution System



■ Container Storage System

## Etihad increases its Asian freight market presence

### Airline to expand services with delivery of new A330-200 freighter

As the air cargo industry recovers from the impact of the global economic downturn, Etihad Airways, the national airline of the United Arab Emirates, is one of the global airlines well positioned to take advantage of the recovery, and is also seen to be increasing its services in the Asian high growth market.

On 9 August, the airline took delivery of the first of two A330-200 freighters, and expects to take a second delivery in October. Etihad is the launch customer for the all-cargo version of the A330-200 freighter aircraft which can carry up to 64 metric tonnes of cargo and can fly up to 7,400 kilometres non-stop. The airline also operates an A330 passenger version which serves the trans-Atlantic market.

"The A330-200 freighter aircraft will allow Etihad Crystal Cargo to increase frequencies and build its presence in the high-growth European and Asian freight markets," a company spokesman says.

Etihad's freighter arrives at a time when cargo volume is at its highest for the airline. Its fleet includes two leased MD-11 freighters and two leased A300 freighters.

### Beijing Service

As part of its Asian expansion plans, Etihad Crystal Cargo launched a twice weekly service from Abu Dhabi to Beijing in China in August using an MD11 freighter with a payload of 88 metric tonnes.

"Our operations to Beijing will reinforce Etihad's position in the Chinese market, adding to our existing five times a week passenger service between Abu Dhabi and Beijing," the spokesman says. Etihad Crystal Cargo has 22 cargo freighter destinations in the Middle East and Africa and 70 destinations across the globe.

The airline carried a record tonnage in July of more than 23,000 metric tonnes. More than 30,000 shipments were carried in July, driven by increased volumes from Pakistan, Australia, China and Bangladesh. The United Arab Emirates was the top cargo destination.

Etihad Airways also reported its strongest first half performance, with a 21.6 percent increase in cargo tonnage carried in H1, with revenues up by 59 percent.

The improvements were seen despite the difficulties caused by the volcanic ash which covered Europe's air routes in April, causing severe disruption to air travel during the month.

The airline will operate a total of 1,032 flights a week this summer, a 16 percent rise on the 888 weekly flights that operated during the same season in 2009. The airline has reported strong forward bookings for the summer.

### Other Services

In February, Etihad Airways started operations to Japan with the launch of its Nagoya-Abu Dhabi service, and in the subsequent month, the airline expanded its Japan operations with the launch of Abu Dhabi-Tokyo services.

Etihad now operates five flights a week to Nagoya via Beijing operating A330 aircraft on the route.

In addition, Etihad is planning to boost services to Sydney and Brisbane, as well as the Perth market, as it moves to take advantage of a government decision to give carriers from the United Arab Emirates greater access to the Australian market.

The Abu Dhabi-based carrier currently flies daily to Melbourne, three times a week to Brisbane and 11 times weekly to the NSW capital.

Etihad will commence operations to the South Korean capital, Seoul, on December 12. Seoul will become the 65th destination on Etihad's network. The airline will operate a daily return service to Seoul's Incheon Airport from its home base in Abu Dhabi, operating Airbus A330-200 aircraft on the route.

### Fleet expansion

Earlier this year, Wayne Pearce, chief strategy and planning officer at Etihad, said: "By the end of 2010, Etihad will be flying to 63 destinations." This year, the airline will have three new passenger aircraft joining its fleet which would take its fleet size to 55 aircraft. Also, three Airbus A330 freighters will be delivered for its cargo needs.

"We are taking delivery of three Airbus A330-300s this year and the three freighters. Next year, we will take delivery of three Boeing 777 aircraft, one Airbus A320 aircraft and three Airbus A330 aircraft. By 2020 we will have 153 aircraft in our fleet," Pearce added.

Etihad previously estimated an average 14 percent airline capacity growth through to 2020.



■ Etihad's A330-600F

## Incheon Airport eyes leading status in Northeast Asian region

As global economies are recovering from the financial tsunami and recording growth, Incheon International Airport is forging strongly ahead to achieve its aim to become the leading airport hub in the Northeast Asian region.

According to the South Korean government, it plans to build a new terminal at Incheon International Airport by 2015 as part of efforts to develop it into a transportation hub.

"The current cargo terminal will also be expanded. A logistics complex will be set up, along with more roads and railways connecting the new facilities to the existing ones," a government spokesman said.

The government expects the airport to be capable of handling 5.8 million tonnes of cargo, up from the current 4.5 million tonnes.

The total cost is estimated at about 4 trillion won (\$3.1 billion). "Incheon International Airport Corporation's profit, which is 200 billion won to 300 billion won per year, will be used for the project," the official said.

The construction will start in early 2011. "We plan to complete it by 2015, but the completion can be changed according to air travel demand," he said.

The official said the project will help Incheon become a hub airport in Northeast Asia, as it competes with rival airports in neighboring countries, such as Pudong in Shanghai, Chek Lap Kok in Hong Kong and Changi in Singapore, which are also expanding their facilities for the same goal.

### Cargo Terminal 1

According to Korean Air, its Cargo Terminal 1 at Incheon Airport was established to serve as a logistics hub in the Northeast Asian region to meet its ever increasing demand for airfreight handling capacity.

The facility has an annual 1.35 million tonnes cargo handling capability and was built along runway number one on a 65,604 square metres site. Cargo Terminal 1 has been playing a leading role in the region's logistics flow since its dedication.

"Korean Air's cargo terminal at Incheon Airport handled 947,991 tonnes between January and August this year, up 19.91 percent year on year," a Korean Air spokesman said.

The cargo terminal lies in the southern half of the cargo area located on the east side of the passenger terminal. The first terminal for Korean Air's export and import handling was built in March, 2001.

Through the completion of the second extension construction in March, 2005 as well as that of the first phase in 2001, the cargo handling capacity increased up to 1.35 million tonnes per year. The second cargo terminal for OAL export handling opened in August 2007 and is fully operational. Additionally, depending on the flow of future traffic, an extra cargo terminal can be built using the extended planned space between No 1 and No 2 cargo terminal.

Based on its 30-year long-term plan, the three-phase construction of Incheon Airport started in 1992. The airport's construction, now in its third phase, will be carried out between 2009 and 2020. Along with North East Asia's fast development of air cargo, Korean Air's Incheon cargo terminal is preparing to meet the various needs of logistics players.

### Korean ACT Freight

The Korean Air Cargo Terminal and Korea Airport Service (KAS) handled 1.26 million tonnes of international cargo in 2009, a 3.4 percent decline compared with the 1.31 million tonnes handled in 2008. Mail handled in 2009 was 18,734 tonnes, up 21.3 percent compared with the 15,449 tonnes of mail handled in 2008.

Korean Air Cargo focuses on providing customers with speedy and punctual service through its state-of-the-art cargo handling systems, equipment and facilities which make them fully automated designated cargo terminals in stations both at home and abroad.

Its designated cargo terminals, which are at Incheon, Tokyo, Osaka, Los Angeles and New York, are designed to meet customers' various needs with temperature-controlled coolers, freezers, vault rooms, and other state of the art equipments.

Not only does Korea Airport Service operate in Incheon, it also provides services at quite a few domestic airports such as Pusan and Gimpo.

Asked about the number of its customers at its Incheon Air Cargo Terminal, Korean Air says it serves 35 airlines. "In terms of cargo volumes, Korea Air Services (a subsidiary of Hanjin Group along with Korean Air), is handling 1.57 million tonnes, representing over 65 percent of the total Incheon airport's air cargo volume," Korean Air says.



■ Loading up at Incheon Airport

# Industry insight

Work on the Cathay Pacific-Air China cargo joint venture is continuing steadily and, based on the latest progress of the regulatory approval process, both parties expect it to be formally established in October.

According to a CX World report, Cathay Pacific has already got the ball rolling by beginning work on the first of four Boeing Converted Freighters that are being sold to the JV under the agreement signed between the carriers in February.

Engineering took over Cathay's B-HKS aircraft after its last tour of duty on 16 August as soon as the last cargo was offloaded, getting the aircraft straight into the HAECO hangar to put it through heavy maintenance before beginning a transformation into the colours of Air China Cargo (ACC) – the Air China airline that will be used as a platform for the joint venture.



[www.fiata2010.org](http://www.fiata2010.org)

## Organizer



## Event



## Highlighted Pavilion



## Co-located Events



## Supporting Events



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## Supporting Publication



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Photos provided by Hong Kong Air Cargo Terminals (Hactl), Hong Kong International Airport (HKIA), Korean Air and Etihad Airways.

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