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The weekly newspaper for air cargo professionals

No. 1,020 | 25 February 2019

# How drones will change the world's airspace

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# Pilots union rains on

# Atlas Air's parade

**T**he Teamsters Union, which represents Atlas Air and Southern Air pilots who fly for DHL and Amazon Air, is warning investors not to believe the positive spin put out by the parent company in its latest financial results. In an open letter to investors, it says that many pilots are leaving the employment of Atlas Air Worldwide Holdings (AAWW)'s subsidiaries Atlas Air, Southern Air and ABX Air, disillusioned with pay and conditions.

The letter says that a recent survey of more than 1,200 pilots showed that over 60% were preparing to leave and seek work at competitors like UPS and FedEx; more than 65% of pilots who responded from Atlas Air and ABX Air had little faith that the carriers have enough pilots to meet the long-term needs of the Amazon Air programme. Cancellations and flight delays for Amazon Air were reported by almost 50% of pilots who responded.

The union claimed that pay rates were lagging 40-60% behind UPS and FedEx rates and that pilots had often been asked to fly on rest days.

It adds: "As the quarterly earnings for AAWW and

Air Transport Services Group (ATSG) approach, we — the pilots who fly for AAWW's Atlas Air and Southern Air and ATSG's ABX Air — are warning shareholders, analysts, and more of numerous issues at the carriers that executives will not be reporting.

"Both AAWW and ATSG are continuing partnerships with DHL and Amazon, with potential to expand the work. But don't be fooled. As pilots at the carriers know all too well, such partnerships are not sustainable if the current attrition, retirement and working conditions persist at AAWW and ATSG."

In response, an AAWW spokesperson said: "We remain committed to recognising our pilots' significant contributions through the completion of a Joint Collective Bargaining Agreement (JCBA) that is competitive, aligns with Atlas' business model and satisfies stakeholders. We continue to bargain with the Teamsters for a JCBA for Atlas and Southern Air crew members in connection with the pending merger and are committed to completing the bargaining process in a timely manner and in

the best interests of all parties."

AAWW meanwhile announced record fourth-quarter and full-year volumes, revenue and earnings in 2018, and predicted continued growth in 2019.

President and CEO William Flynn, said: "Our focus is on express and e-commerce, and fast-growing markets in Asia and elsewhere, such as South America, where we had the strongest year in the company's history. As airfreight tonnage continues to grow, further globalization will require time-definite air networks to facilitate the flow of goods."

He added: "We expect to benefit from a full-year of flying by the aircraft we added in 2018 for customers such as Asiana, DHL Express, Inditex and SF Express. We will see our first year of flying twenty 767-300s for Amazon."

Flynn declared: "As a result of the momentum that we see, we anticipate that our adjusted net income in 2019 will grow by a mid- to upper-single-digit percentage this year."

AAWW said that volumes in the fourth quarter of 2018 increased 17%, with revenue growing 22% to a record \$765 million.

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## ACW World Air Cargo Awards 2019

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## Old News

### Lithium battery forces emergency landing

19 October 2015

**A** lithium battery forced an Alaska Airlines flight to make an emergency landing days after the US Federal Aviation Administration (FAA) issued a warning about the risk of fires from the cargo.

The Boeing 737-900ER, Flight 17, was flying from Newark International Airport to Seattle-Tacoma International Airport on 12 October when it was diverted at 08:00 to Buffalo Niagara International Airport.

A credit card reader used as a point-of-sale for onboard purchases of food and beverages, began to smoke in the cabin of the aircraft.

Reports in the US claim the GuestLogix card reader was powered by a lithium ion (Li-ion) battery. It was a new device just introduced on Alaska Airlines aircraft.

The carrier says while there were no flames at any point during the flight, the crew did use a fire extinguisher to stop the device from smoking while the captain made arrangements for the emergency landing in Buffalo, in the US state of New York.

Media reports in the US claim in response to the incident Alaska Airlines has now removed all of its electronic credit card reading Machines from its fleet for inspection.

This again highlights the safety concerns from the risk lithium batteries pose on aircraft.

The incident took place two days after the FAA issued a Safety Alert for Operators (SAFO) warning on 10 October on the carriage of spare lithium batteries on carry-on and checked luggage - including baggage checked at the gate or onboard the aircraft.

"Lithium batteries present a risk of both igniting and fueling fires in aircraft cargo and baggage compartments," the FAA explains in the SAFO.

The FAA also backs an international ban on the batteries as cargo on all bellyhold airlines entering or leaving the US.

It wants carriers to prohibit the batteries from checked bags and remind passengers at check-in and when buying tickets not to pack them.

In July this year, Boeing advised airlines not to carry large quantities of Li-ion batteries as bellyhold cargo until improved packaging is developed.

The aircraft manufacturer also sent guidance to carriers urging them not move the batteries as cargo "until safer methods of packaging and transport are established and implemented."

## DHL signs licence deal with China's SF Holding

**D**eutsche Post DHL Group is to transfer its supply chain operations in mainland China, Hong Kong and Macau to Chinese logistics service provider SF Holding, setting up a new co-branded business - SF DHL Supply Chain China.

The RMB 5.5 billion (EUR 700 million) deal involves only the supply chain business; the DPDHL Group's international express, freight transport and e-commerce logistics solutions in China are not included.

The German group will continue to receive revenue-based partnership fees for 10 years in exchange for providing the co-branded business with trademark license, customer referral, employee training, best practice sharing and other areas of support.

Yin Zou, former CEO of Greater China of DHL Supply Chain has been appointed CEO of the new organisation, and along with his existing management team, will continue to lead the Shanghai-headquartered business.

He said: "This landmark deal gives SF DHL Supply Chain China unparalleled advantage to transform the supply chain industry in



China. My team and I are looking forward to amalgamating the best of what DPDHL Group and SF stand for, and converting these into tangible value for existing and new customers."

SF DHL Supply Chain China will have access to DPDHL Group's expertise, network, operations standards and technology.

Frank Appel, CEO Deutsche Post DHL Group, said: "With our joint capabilities we will create a unique platform to meet the need for a high quality end-to-end supply chain provider in China. SF's local market expertise combined with DPDHL Group's global operations standards and network support provide a solid foundation for us to continue exploring further opportunities in China."

He added that the agreement would enable DPDHL Group "to gain unprecedented access to China's immense domestic market."

Dick Wong, chairman, SF Holding added: "We are expanding our domestic footprint through SF DHL Supply Chain China to cater to our customers across a multitude of industries. This deal with DPDHL Group, a world-class organization, also helps us to better serve multi-national clients."



EMIRATES is to launch a four times weekly service between Portugal's second largest city, Porto, and Dubai from 2 July. The flight will be operated by a Boeing 777-300ER aircraft, offering up to 18 tonnes of cargo capacity per flight. Expected exports include garments, shoes, automotive parts and cork bark.

Connections will be available at Dubai International Airport to destinations including Luanda, Johannesburg, Bangkok, Shanghai, Hong Kong, Melbourne and Sydney.

Porto will be the carrier's second destination in Portugal; it currently serves Lisbon twice a day.

## ECS to sell space on Senegal's new airline

ECS Group's French arm, Aero Cargo is to market freight capacity for new national airline Air Senegal across its global network.

The new carrier began operating intra-African services in 2018 but plans to develop longer haul routes from its hub at Blaise Diagne International Airport. Aero Cargo is already marketing capacity on A330-NEO flights between the Senegalese capital, Dakar and Paris Orly, offering a maximum capacity of 16 tonnes.

Air Senegal also serves Ouagadougou, Banjul, Praia, Bissau, Conakry, Abidjan, Bamako and Cotonou.

Adrien Thominet, CEO of ECS Group, said: "Our network and our in-depth understanding of and experience in the African market were major factors in Air Senegal's decision to choose us as its GSA."

With Aero Cargo holding the global contract, all ECS Group subsidiaries are now able to sell Air Senegal cargo capacity.

The carrier's head of network and customer experience, Eric Iba Gueye, said: "The airline aims to become a key player on south-to-north and north-to-south routes. Meeting safety and security standards for transporting both goods and people is central to everything we do."



## Merger fever grips forwarders

DSV has increased its offer to take over Panalpina, but the Swiss company is also considering a partnership with Agility Logistics.

The Danish firm had approached Panalpina in January with an offer of 170 Swiss francs (CHF) per share, which was rejected by Panalpina's largest shareholder, the Ernst Goehner Foundation.

DSV has now increased its offer to CHF 180, in response to feedback from Panalpina and includes commitments to employees.

Panalpina confirms it has received the revised offer of CHF 180 per share in cash, saying that its board was reviewing the proposals with professional advisors.

Agility has confirmed that it is in early discussions with Panalpina about "partnership opportunities" between the logistics businesses, adding: "Agility is always exploring opportunities to grow its business and maximise shareholder value".

Agility adds that no agreement has been reached nor guarantees that that it will do so.

The forwarding industry has been increasingly gripped by merger speculation. DSV denied that it itself had become a takeover target for Kuehne + Nagel.

On firmer ground was shipping line CMA CGM's friendly public tender offer for another global operator, Ceva Logistics, in which CMA CGM already holds a one-third stake.

## AIRLINES MISS THE BOAT!

Although the majority of air cargo is carried in the holds of schedule airlines, cargo management have been continually treated as a second class citizen by airlines and their designated association (IATA).

An open letter to Alexander de Juniac, CEO of IATA and Peter Gerber, chairman of the cargo committee, by Gerry Burgin and endorsed by five other trade experts was well written concerning the e-AWB but did not receive an adequate response, even though it made the cover of Air Cargo

Week. With an attempt to dispel the 'Blame Game' and encourage wide spread use of e-AWBs, Gerry Burgin has contributed a further article to the February 11 edition of **Air Cargo Week**. My view is not so sympathetic of IATA and its 290 member airlines.

Back in 1982, I visited Fred Smith and his impressive Federal Express setup (later to be renamed Fedex) in Memphis, shortly to be copied by UPS.

On the same tour, the cargo manager of

an airline commented: 'Fred Smith makes me mad at ourselves for seeing an opportunity that we missed.' Nowadays, there is on-line air cargo potential being presented by Amazon and others that airlines continue to miss.

IATA continues to miss the boat for its members. To use a more topical phrase, it should wake up and smell the coffee.

I hope we will hear more from IATA following their World Air Cargo Symposium in Singapore March 12-14.

## Next week: WCS 2019 Singapore preview



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## Boeing is latest addition to the Lufthansa family



Chief operations officer, Harald Gloy, declared: "This aircraft is the quietest and most efficient in its class – and therefore the freighter of our choice for our ongoing fleet modernization."

With a further example due for delivery in spring, two MD-11F aircraft will go out of service later this year, giving the German carrier a freighter fleet of seven Boeing 777Fs and ten MD-11F aircraft.



**A** brand-new Boeing 777F joined the Lufthansa Cargo fleet on the morning of 19 February when it landed at Frankfurt Airport on its delivery flight from the US. The latest addition to the fleet became the carrier's sixth Boeing 777F.

## DHL and Jaguar electrify the world of motor racing



DHL has signed a global partnership with the Jaguar I-PACE eTrophy Series, to transport cars, charging systems, garages, spare parts and technical equipment around the world.

In its inaugural season, the eTrophy will visit nine cities around the globe, and is the world's first all-electric championship for production-based cars.

Jaguar Racing and DHL jointly developed a multi-modal logistics solution encompassing land, sea and airfreight to safely and efficiently deliver cars and equipment.

DHL was able to reduce the freight requirements from two aircraft to one Boeing 747-8F, with the two brands working together to develop bespoke packaging solutions to minimise freight and improve the operation's carbon footprint.

Marion Barnaby, championship leader of the Jaguar I-PACE eTrophy says: "We are proud to welcome DHL as the Global Logistics Partner of the Jaguar I-PACE eTrophy series. As we follow the races around the world, the role of DHL is imperative to the success of our race series. They are global leaders in logistics and with an international championship travelling to four continents we have the best possible partner."

Antonio Arranz, country manager for DHL Express Mexico says: "We've enjoyed a successful partnership with Formula E since September 2013 and it was natural to extend this partnership to include the Jaguar I-PACE eTrophy. It's a fantastic opportunity to be driving the electrification journey with Jaguar, organising the logistics and shipping all of Jaguar's eTrophy equipment around the world."

Jaguar made history with the debut of the championship in Ad Diriyah, Saudi Arabia in December 2018.

## ACWBITES

CARGO volumes at Hong Kong International Airport fell by 4.2% in January, not helped by "uncertain global economic conditions". Imports were down 8% and transshipments by 6%, with Europe and Southeast Asia seeing the most significant drops. On a rolling 12-month basis, the airport handled 5.1 million tonnes.

BRITISH Midland Regional trading as flybmi has been placed in administration. Francis Graham Newton, Antony David Nygate and James Bernard Stephen, partners of BDO were appointed joint administrators on 18 February. All flights within the UK and Europe have been cancelled.

RAJ Subramaniam has been named president and chief operating officer for FedEx Corporation, taking over from David Bronczek on 1 March. Subramaniam will continue to serve as president and CEO of FedEx Express and serve as co-president and co-CEO of FedEx Services. He has worked at FedEx for more than 27 years in various executive positions.

OLIVER Loch has been appointed managing director of Kerry Logistics Germany, based at its headquarters in Raunheim near Frankfurt. He will be responsible for driving the strategic business development of Kerry Logistics' German organisation, focusing on the international freight forwarding business and integrated supply chain solutions.

UNILODE Aviation Solutions has appointed Joseph Jensen as managing director of customer experience, taking up the role on 4 March. Jensen will be based in the US, reporting directly to CEO Benoit Dumont and overseeing the Customer Centricity programme to improve customer experience.

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**FOR more than a century, pilots have had direct, on-board control of aircraft. This is a new era with new pitfalls but for many in the industry,**

# How drones will change the world's airspace

## DHL PARCELCOPTER

GLOBALLY UNIQUE STAGES OF DEVELOPMENT IN TECHNOLOGY AND LEVEL OF PERFORMANCE

### PARCELCOPTER 4.0

**Aircraft:** Tiltrotor  
**Dimension:** 1,780 mm  
**Payload:** bis 4 kg  
**Airspeed:** ca. 130 km/h  
**Control system:** autonom  
**Flying area:** Lake  
**Location:** Mwanza/Ukerewe Island  
**Flight distance:** 65 km  
**Altitude difference:** none



3rd quarter  
2018



### PARCELCOPTER 3.0

**Aircraft:** Tiltwing Aircraft  
**Dimension:** 2,200 mm  
**Payload:** up to 2 kg  
**Airspeed:** approx. 70 km/h  
**Control system:** autonom  
**Flying area:** Mountainous region  
**Location:** Reit im Winkl/Winklmoosalm  
**Flight distance:** 8.3 km  
**Altitude difference:** approx. 500 m



1st quarter  
2016



### PARCELCOPTER 2.0

**Aircraft:** Quadcopter  
**Dimension:** 1,030 mm  
**Payload:** up to 1.2 kg  
**Airspeed:** approx. 43 km/h  
**Control system:** autonom  
**Flying area:** open sea  
**Location:** Norddeich/Juist  
**Flight distance:** 12 km  
**Altitude difference:** none



4th quarter  
2014



### PARCELCOPTER 1.0

**Aircraft:** Quadcopter  
**Dimension:** 1,030 mm  
**Payload:** up to 1.2 kg  
**Airspeed:** approx. 43 km/h  
**Control system:** manual  
**Flying area:** River crossing  
**Location:** Bonn  
**Flight distance:** 1 km  
**Altitude difference:** none



4th quarter  
2013



DHL Parcel Deutschland - Stand: 10/2018

IN 2016, DHL successfully concluded a three-month trial that saw its third-generation Parcelcopter make fully autonomous deliveries through the winds and snow of the Bavarian Alps for customers in two mountain communities. This world-first followed testing of the technology under a major long-term research and innovation project that was awarded the German Mobility Prize in 2016. Since its maiden flight in December 2013, which saw the then 'Quadcopter' transport a small parcel 1km from the east bank of the Rhine river to DHL's corporate headquarter, the Parcelcopter has been modified and refined to overcome more challenging conditions in real delivery operations.

The first of such challenges came in late 2014, when the Parcelcopter 2.0 was launched in a

pilot project on the North Sea island of Juist. It was the first time that medications and other urgently needed goods were delivered over the open sea, and it was also the first time in Europe that a flight by an unmanned air vehicle (UAV) was operated outside the pilot's field of vision in a real-life mission.

The Parcelcopter 2.0 had a longer range and was equipped to handle the wind and marine weather conditions of the North Sea. During the test, it made regular, 12 km flights from the mainland to Juist, that were completely automated, though constantly monitored by a team on the ground. Traveling at an altitude of 50m and at speeds of up to 18m/s, the 'copter mostly made express deliveries for a pharmacy during the week.

IN the past five years, the drone industry has seen impressive growth around the globe. Both the public and private sectors have leveraged unmanned aerial vehicles (UAV) in countless ways, whether to improve public safety surveillance in law enforcement, inspect power lines by utility companies, and even save lives in disaster recovery efforts.

In Rwanda, thanks to Zipline, drones perform more than 50% of blood delivery. NASA, the National Oceanic and Atmospheric Administration (NOAA), and Northrop Grumman are looking at how they can track storms and hurricanes with drones in the near future.

Other industries are also starting to use drones to improve operational processes, including supply chain deliveries, construction, mining, public safety and industrial.

At the end of 2018, experts suggested that there were around 10 million drones in use across the world, a 250% increase since 2016. This exponential growth is testing the ability of traditional air traffic management systems to safely integrate drones into the airspace.

The challenges of safe integration only multiply as drones perform complex operations, beyond visual line-of-sight or flying over people. Autonomous drones, flying beyond the horizon or in urban environments, will need a dynamic link to airspace authorities and other aircraft, manned and unmanned. In order to ensure safe drone operations, drone operators and airspace controllers will also need to implement new systems to evaluate and mitigate potential risks on the ground and the sky to operate complex missions.

Civil aviation authorities (CAAs), air navigation service providers (ANSPs), and local authorities around the world are working to enable safe and secure access to low-altitude airspace for drones.

In 2018, countries all over the world launched projects to help further improve their airspace infrastructure management. Switzerland, the Czech Republic, Japan, the US, and others have launched projects to improve safety and connectivity for beyond visual line-of-sight (BVLOS) operations.

This was made possible through close work with regulators in mitigating the risks of advanced operations and safely integrating drones into the airspace through rulemaking, standards development, and risk modeling with authorities from around the world.

Over the course of the past year, we've identified four key trends among global regulatory authorities that we expect to increase in 2019.

#### Trend #1: Basics are not enough

Since the launch of Part 107 in the US, we've seen countries around the world start with basic safety rules. However, we also observed

that what's possible with technology almost immediately outstrips those rules.

With more awareness of the potential challenges of managing a fast-growing drone activities in low altitude airspace, next year we expect to see a continued increase in countries adopting basic safety regulations. Primarily, these rules relate to basic Visual Line of Sight (VLOS) operations and requirements to register all drones, as well as their responsible operator owner, and pilots in a national registration system.

As technology advances, we'll see drones that can fly farther, in swarms, and in places previously thought impossible. Advanced commercial opportunities overwhelmingly require something more than basic rules. This trend has been growing in recent years, but will be a central issue in nearly every country with drone regulations over the course of 2019.

Yet, without enabling regulations for BVLOS, night time, flights over people, or electronic identification, countries around the world will face the same stalled environment that has plagued the even the most progressive drone economies for years. Commercial operations will continued to be delayed by the lack of enabling regulations, and businesses won't be able to take full advantage of the economics and societal benefits of drones.

#### Trend #2: Unmanned Traffic Management

Countries around the world are beginning to recognise the benefits of opening airspace through easier authorisation. Permission-based access to airspace allows regulators to open airspace that would otherwise be closed off to certain operators who have met specific requirements or operational parameters. For example, the Federal Aviation Administration's Low-Altitude Authorisation and Notification Capability (LAANC) Program allows Part 107 operators who have passed a knowledge test and are flying drones less than 25 kilogrammes in weight to submit digital requests for authorisation to fly in controlled airspace.

What previously was often a months-long process can now be a matter of seconds for approval of a commercial operation.

As the rules around Remote ID are finalised in the US, and registration increases in other countries, permission to access to airspace will be increasingly automated and even safer.

#### Trend #3: Advanced operations

Countries are shifting towards digital authorisation today, led by the FAA and LAANC. Beginning in 2019, we expect to see authorities experiment with standardising their waiver process for complex operations, accelerating the timeline for new commercial models.





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is era is coming to an end. Taking the human out of the cockpit is not without its  
it also provides great opportunities.

# change pace

By Bill Goodwin

## JD.com profits from Jakarta's green light for drones

By Michael Mackey

The Specific Operations Risk Assessment (SORA) model being developed and considered for widespread adoption has created a framework to systematically and consistently evaluate the risks of particular drone missions. In other words, it gives regulators and air traffic controllers an unprecedented ability to quantify and specifically describe the risk a particular mission may entail.

The SORA approach analyses the overall complexity of UAV operations along with various risk mitigations, allowing unmanned traffic management (UTM) platforms to ingest risk-based data sets and provide a consistent framework for authorities to implement more automated authorisations of drone flights. For the past two years, Switzerland has been using a risk-based model to allow dozens of drone operations, including BVLOS deliveries in urban environments, without any accidents to date.

Throughout 2019, we expect other countries, including the US, China, and EU member states, to continue exploring the use of SORA and UTM to incrementally pave the way for risk-based authorisations of advanced operations.

### Trend #4: Increased collaboration

Countries have struggled in recent years to assign responsibility for both making and enforcing rules related to drone operations. What emerged as a concept in 2018 will become a mainstream trend in 2019: that collaboration across the levels of government is essential for a healthy drone ecosystem to emerge and grow at the pace of what is technologically possible.

Truly high-volume drone operations can only happen when local authorities are involved as partners, because they are closest to the complexity of low-altitude airspace, making them essential partners for safe drone integration.

Developments in technology, particularly UTM, will facilitate an unprecedented level of coordination between different levels of government to open more low-altitude airspace for drones.

By necessity, local law enforcement will increasingly engage in enforcing the rules around flying drones, just as local governments are always the first to hear community concerns relating to privacy, safety, and community impact.

By providing controlled access to information regarding the identity of operators, as well as the needs and concerns of the communities where drones are operating, UTM infrastructures and services will be key enablers for greater and more complex commercial operations.

**Bill Goodwin is General Counsel at drone data provider, AirMap**

In a move with many potential and far-reaching precedents Chinese company JD.com has completed Indonesia's first government approved drone flight.

Billing it as a breakthrough for drone deliveries JD.com hopes the pilot flight will lead to widespread drone use in Indonesia firstly

and then more broadly across the South East Asian region.

The test flight saw the drone fly the short distance from Jagabita village, Parung Panjang to MIS Nurul Falah Leles Elementary School to deliver backpacks and books to students, part of a donation from the e-commerce company.

Within Indonesia, an archipelago nation of some 17,000 islands spread over three time zones, drones are a way for companies like JD.com to offer more and better services besides philanthropy. The company noted drones will help JD.com reach its goal of being able to deliver 85% of orders same- or next-day.

"We look forward to working to realise the full potential of this technology, and provide more convenience to Indonesian citizens," said Jon Liao, chief strategy officer at JD.com.

The precedent for Indonesia lies not so much in what has been allowed for the first time but the potential role it offers.

"These tests are an opportunity for Indonesia to become a leader in Southeast Asia by leveraging drone delivery to vital medical, humanitarian, and commercial goods in remote areas," the World Economic Forum's head of drones and tomorrow's airspace Timothy Reuter said.

For its part JD.com is enthusiastic about what it could mean.

"We are thrilled to have been part of this important moment in Indonesia's history," says Jun Xiao, head of JD-X, JD's logistics and automation lab who oversee the drone programme.

JD.com have been using drones in China since 2016 where its operations are already sophisticated.

"We make the decision to deliver by drone based on the size and volume of orders - we have several different drone models which can handle different weights of packages and travel different distances - in order to maximize efficiency and get products to customers the fastest," Xiao told Air Cargo Week.

This has been particularly useful in China where it has allowed the company to reach into untapped markets where the consumers have TV and internet connections but the infrastructure for last mile delivery is not available.

"Although rural ecommerce has been developing rapidly in China over the past few years, many villages in China are still hard to reach because of challenging road conditions" said Xiao.

It is important not to see JD's foray in Indonesia as a one-off. The industry is expecting the use of drones to rocket given their uses. "The cargo drone market is projected to witness a CAGR of 24%, in 2018-2028," said research company Market Research Future in its just-published Global Cargo Drone Market Statistical.

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NexGenLeaders by ECS group

## Airports chiefs vocal about drones

At its annual New Year Reception in the European Parliament in late January, Dr Michael Kerkloh, president of ACI EUROPE and CEO of Munich Airport spoke about recent drone disruptions and the need for alignment in the European Commission's approach to airport capacity, investment and user charges.

In the spotlight is the illegal use of drones, which disrupted operations at London's Gatwick and Heathrow just before Christmas. The airport industry is mindful of the many new opportunities that drone technology provides - from runway inspection to navigation equipment calibration and surveillance.

Safety regulation around such use is progressing well with EASA and the European Commission - with the full support of Europe's airports.





# Little sunshine in the land of the yellow vests



France has been a troubled country lately, writes Chris Lewis. After a bright enough start, following his election victory, with President Macron's labour market reforms getting ensnared in the 'Gilets Jaunes' protests towards the end of last year; economic growth is expected to fall to an unimpressive 1.7% for 2018.

It remains to be seen whether the president can add enough concessions to make his labour reform and public spending agenda palatable to the French voting public who, once again, are going through one of their discontented phases, of which there have been many in the past couple of decades or so.

As well as its domestic woes, France is also beset by external pressures like global trade wars, the continuing uncertainty in many of its major markets in Europe and the possible effect of Brexit on trade with near-neighbour the UK.

Looking on the bright side, though, exports – particularly in high tech sectors such as aerospace – could stage a rebound. This, together with reliable staples such as high end food and drink, could deliver sufficient market growth to rescue the airfreight sector from the doldrums.

## A busy American in Paris

Despite the unpromising economic outlook, American Airlines' cargo team had a record-breaking 2018 including a successful year in France, says regional sales manager for Western Europe, Kathleen Lesage. She says: "Our team worked diligently to ensure our customers benefited from more points of access and greater capacity for shipments to the US and beyond."

Moreover, says Lesage: "We are very confident as we expect to see increased demand this spring and we are already seeing evidence of that in forward bookings."

The carrier has new European routes starting this summer and is launching iCargo, part of its Project Payload initiative, which will reduce the number of systems in use from 90 to eight. Lesage states: "With that investment, we'll see improved visibility and greater efficiencies for us and our customers."

The American Airlines seasonal trucking service from the

South of France to Barcelona was very successful once again in 2018, she continues: "In fact, customers are now regularly asking if we can offer this option during the winter months. Our service runs from Toulouse, Lyon, Bordeaux and Marseille to serve the seasonal flight between Barcelona and Chicago (ORD).

New and enhanced routes from Paris this year include a second daily Paris Charles de Gaulle (CDG)-Dallas/Fort Worth flight from 7 June with a Boeing 787-8, the daily CDG-New York JFK service will be upgraded from 1 April to a Boeing 777, and the seasonal CDG-Chicago and Charlotte flights will return on the same date.

Pharmaceuticals and aerospace parts are the stand-out commodities moved and there has also been an increase in demand for express products, Lesage says. The latter is frequently used throughout the year for the launch of new beauty products and museum or exhibition moves.

## Airfreight with a Gallic flavour

Air France KLM Martinair Cargo (AFKLMP) is very active in the major regions of the world, such as the Americas, Asia, Eastern and Southern Africa but that is not to forget the more specific French markets. Vice president France, Jean-Yves Cap says the carrier has a strong presence in the French Islands in the Caribbean and Indian Ocean, where they are especially fond of French food, he says.

France is also well-positioned in the global pharma market, as evidenced by the carrier's recent CEIV recertification of its premises in Paris Charles de Gaulle (CDG).

However, the French airfreight market is very open and competitive with plenty of belly and main deck capacity to and from CDG and the regions. That hasn't however stopped AFKLMP from keeping its six-strong freighter fleet very busy to and from Americas and Africa while it is also growing its belly capacity this year, opening Quito and Dallas and increasing capacity to African destinations.

From its CDG hub AFKLMP operates two B777Fs, together with four B747Fs from Amsterdam Schiphol. Cap says: "This is exactly the right number of aircraft our full freighter market requires. On top of that KLM still operates six Boeing 747 combi aircraft, although these will be gradually phased out over the next two years."

The passenger fleet consists of a wide variety of the latest generation aircraft like the 787 and 777 which offer "an enormous

amount of belly cargo capacity".

AFKLMP is dedicated in moving the industry into the 21st century digital world. It recently organised a DigiDay (Digital Day) for its customers at CDG, telling them about the latest developments.

## Growth at home and away

Worldwide Flight Services (WFS) has grown into the world's largest air cargo handler - including over one million tonnes in its home country, France, in 2018. There, it increased volumes by 10%, boosted by new contracts from Emirates, CAL Cargo Airlines, Air France and Geodis.

In 2018, WFS opened a dedicated facility at its principal Paris Charles de Gaulle (CDG) hub to manage strong growth in e-commerce and this summer will also open a new pharma facility there.

It is also investing heavily in new safety and security technology including €3 million recently on new high definition CCTV cameras and access control systems. WFS' security operations centre in France also manages the stations in Europe, Middle East, Africa and Asia.

WFS France vice president cargo Hugo Rodrigues, comments: "The last two years have seen strong growth in our cargo volumes in Paris and our 12 further airports in France. This is due to a combination of factors; market growth and better optimisation of airline capacity, additional flight frequencies and new handling contracts. With the opening of our new e-commerce facility and investment in a specialist pharma building, we are demonstrating to our customers that we want to support their growth too."

He adds: "Last year, we handled a wide range of cargoes for our customers, including shipments of aerospace products, automotive parts, pharmaceuticals, electronics, beauty products and textiles. Our volumes of perishables also increased. This isn't just in CDG. In Orly, for example, our volumes were up 6% year-on-year too and our ability to offer customers a network of locations across the French provinces is a key reason why they choose WFS as their partner."

Rodrigues expects 2019 to see more growth, driven by e-commerce and pharma: "We will remain in close dialogue with our customers to ensure we all benefit from the growth of specific market sectors, and we will continue to work with the airport authorities in France to ensure we have the facilities and capacity we need to attract more airline customers."



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# Academics who go into the cargo hold

**T**HOSE who study logistics or the supply chain, work in aviation or are academically interested in how freight moves through the clouds, will be interested in this authoritative textbook - *Moving Boxes By Air: The Economics of International Air Cargo*.

Co-authored by Professor Peter Morrell, visiting professor at Cranfield University, and Thomas Klein who is the VP business intelligence and corporate controlling of Cargolux, the textbook is crammed with legal, legislative, business and commercial aspects of the modern airfreight industry.

Featuring expert analysis and worked examples to enhance understanding, this second edition of *Moving Boxes by Air* offers a comprehensive and up-to-date guide to the business and practices of air cargo, with a chapter dedicated to each key issue.

Its 361 pages are divided into 14 chapters: Air cargo traffic and capacity; Air cargo market characteristics; Economic and technical regulations; Supply – passenger and freight airlines; Supply – integrators, post offices and forwarders; Air cargo alliances and mergers; Aircraft and flight operations; Airport and ground operations; Airport and ground operations; Distribution and marketing; Pricing and revenues; Airline costs; Air cargo financial performance; Air cargo and the environment; and Air cargo forecasting.

not get a listing in the index while Amazon Prime has a bare two short references. These disruptors will soon be worth books in their own right.

*Moving Boxes By Air* remains a great source of information for freight forwarders as well as the shippers. It will give these players a better and more comprehensive understanding of airline cargo operations, the regulatory environment that they have to deal with, how they manage market trends, airline economics, pricing, revenue management and so on.

This book is a great read and especially good for academic institutions running programmes in air cargo logistics, the supply chain or freight forwarding.

There is a scarcity of good books pertaining to good understanding of how things work in our industry.

The book starts with an observation as to when the movement of cargo by air started. It is said to have been 1910. If that is true, then the industry is comfortably into its second century.

The book's research is clear and the title is written in a very easy to understand style. This means it is excellent for both professionals as well as for newcomers to the industry or those who are interested in making a profession out of air cargo.

## Second edition

*Moving Boxes By Air* was originally published in 2011. This second edition carries a foreword by retired aviation and air cargo executive Ram Menem, who has been a senior vice president cargo for Emirates as well as past president of industry body The International Air Cargo Association (TIACA).

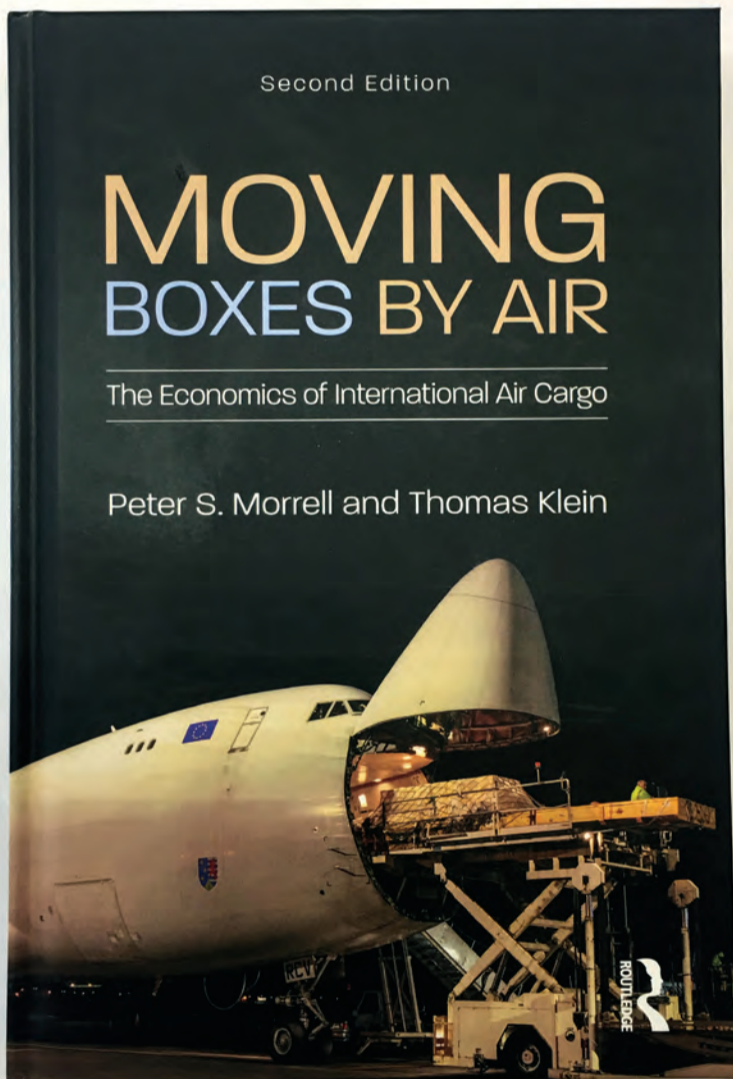
The first edition was released by Morrell in 2011; this second edition has now undergone a complete overhaul.

This second edition illustrates recent emphasis on mergers at the expense of alliances, which have not had the impact that they had on passenger operations. The section on security has been expanded to assess in more depth the issues facing belly-hold operators.

Having originally been written in 2011, the 2019 revision does disappoint in its lack of coverage of two of the great and growing topics in airfreight at the moment: blockchain does

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