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# Industry Update

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## The Asia-Pacific Aviation Market Overtakes the USA

IATA reports that the Asia-Pacific region has overtaken the US to become the world's largest aviation market. Speaking in Singapore, IATA director general and CEO Giovanni Bisignani noted that while Asia-Pacific is home to two of the world's most profitable airlines, governments provided over \$10 billion in airline bailouts in the first quarter of 2009.

As trade continues to grow, IATA says the region's two biggest markets, India and China, face completely different circumstances. India's challenge is to reduce costs and improve infrastructure, while China is adjusting to new global trade patterns. During the last decade, China replaced Japan as Asia-Pacific's largest player. Today the country has an airline fleet of 1,400 aircraft compared to Japan's 540.

Bisignani said he hoped the Asia-Pacific region would take advantage of the business opportunities in developing sustainable second generation bio fuels. "Five airlines have successfully tested bio fuels and we expect certification within 2011 at the latest. Aviation bio fuel is a \$100 billion plus business opportunity and I hope that this region will play a key role in its early development," he added.

## TSA Webinar – 100% Cargo Screening Mandate

As we approach the August 1st deadline, KWE would like to ensure that our customer's are fully aware of what to expect when the 100% cargo screening mandate is implemented. TSA is very interested in having more shippers participate in the CCSP, especially those customers that have very specialized cargo such as pharmaceuticals, high tech, and other sensitive commodities.

Please take note that the TSA is holding free monthly public webinars and town hall meetings in selected cities throughout the country as listed in the below email. KWE would highly recommend that our customers take advantage of these TSA webinars as they are specifically geared to educate and support the exporter community. Anyone may register for an upcoming meeting at the following link:  
<http://www.surveymonkey.com/s/Z2QJBDX>

KWE is currently on-schedule to have seven (7) gateways – BOS, JFK, ATL, ORD, DFW, SFO, LAX – plus three (3) more branches – PHL, CLE, and PDX – become certified cargo screening facilities (CCSF). The first seven gateways should be certified by the end of May with the additional three locations later this year.



*Disclaimer: The subject matter of this newsletter is provided for informational purposes only. All data is obtained from public sources and is believed to be true and accurate. KWE is not responsible or liable for any inaccurate information contained herein.*



## JAL Calls Off Cargo Merger Talks

Talks with Nippon Cargo Airlines (NCA) regarding integration of cargo operations have been called off by JAL. The decision to end the talks came after JAL's bankruptcy filing in January. Industry sources expect that JAL will now have to make serious cutbacks in its loss-making air cargo operations. The suspension of JAL's freighter services are also considered a possibility in the carrier's bid to restore profits. JAL recorded an operating loss of 20 billion yen in the past fiscal year with cargo division revenues declining to 199.8 billion yen.

Control of JAL has been effectively assumed by the Japanese government's Enterprise Turnaround Initiative Corporation. The ETIC is insisting that JAL overhaul cargo activities, which are considered to have excessive exposure to fluctuations in the global economy. Masaru Onishi, JAL's president, stated that the carrier's reorganization plan must include retention of the cargo division. The terms imposed by ETIC, however, have made the proposed merger with NCA impossible.

Discussions on elimination of overlapping routes and streamlined airport operations through shared ground handling have been underway since August, 2009. JAL had considered spinning off its cargo operations and taking an equal stake with NCA. The termination of talks was disclosed in the following statement made by the two airline companies: "Both parties have reached an amicable conclusion to end the negotiations because the structure of the merger could not be organized within the scope of the agreement."

At the present time JAL and NCA still intend to continue operating freighter flights on a code-share basis. The wider restructuring at JAL will involve closing or selling off many of its 100-plus subsidiaries, shedding a third of its 47,000 employees and cutting unprofitable routes.



## Aviation Security: Known Consignor New EU-Regulation 300/2008 for 2010 for German Shippers

Since February 2006 shippers have handed their Security Declarations to their forwarders (Regulated Agent) on a yearly basis in order to comply with the EU regulation 2320/2002 and to receive the "Known Consignor" status .

On April 28, 2010 the new regulation 300/2008 will come into force. From this date the "Regulated Agents" will no longer be allowed to carry out this approval procedure for their customers. The shippers will have to apply to the national authorities - in Germany to the LBA (Luftfahrt Bundesamt) - to receive the "Known Consignor" status as soon as their current "Security Declaration" has expired. Otherwise their cargo will be considered "unsecure" and will undergo cost- and time consuming security checks (e. g. X-ray control, warehouse costs) for each single shipment at the airport of departure.

The exact approval procedure by the LBA is still unclear as of today, so KWE highly recommends our German "Known Consignors" to hand in their "Security Declarations" to us for the year 2010 as soon as possible - by April 27, 2010, at the latest. This will ensure to keep their approved status as long as possible without a separate LBA audit.

KWE (Deutschland) GmbH will be pleased to assist their customers in case of questions. We also recommend to closely monitor this regulation in the media, for example on the following website:

[www.dekra-aviation.com](http://www.dekra-aviation.com) , [www.lba.de](http://www.lba.de) (.../Aviation Security/...)

### Five-Fold Asia-Pacific Air Freighter Fleet Predicted by 2030

In an air cargo market forecast spanning 2010 to 2030, Airbus Industries report that Asia-Pacific airlines are expected to buy 8,000 aircraft, valued at US\$ 1.2 trillion. The latest cargo forecast from Airbus calls for a traffic increase of 6.3 percent per year throughout the region. This exceeds the global growth forecast average of 5.2 percent. Airbus expects the Asia-Pacific region to continue the domination of the global airfreight market, with airlines expanding their all-cargo fleets five times to 1,500 aircraft by 2030.

Many of the aircraft will be converted from passenger models, but Airbus predicts that around 340 new production freighters will be delivered over the next 20 years. These will be mostly wide body aircraft and represent 40 percent of expected global demand for new freighters.

Airbus COO Customers commented that by 2030 the region will be the world's largest air transport market with airlines carrying around 40 per cent of all air freight. "To meet this demand, larger aircraft will be needed to ease congestion and do more with less," he said. "This will see airlines from the region account for more than 50 percent of the demand for very large aircraft, such as the A380."

### Vintage Vampire Bombers Exported From UK To South Africa

A simple inquiry received from long standing client DMI Engineering of Pretoria resulted in an exciting opportunity for KWE South Africa to organize the transfer of three vintage Vampire bomber aircrafts. The aircrafts (Reg Nos: G-DHVV, G-DHWW, G-DHXX), built in 1947, which had previously serviced several European Air Forces were transported from an airfield in Bournemouth United Kingdom to Wonderboom Airport Pretoria.

In close cooperation with KWE UK and acting as lead logistics provider, the sensitive statutory applications for export & import permits, de-registration, change of ownership and import control into the Republic of South Africa were concluded on behalf of the principals by KWE staffers in London, Johannesburg and Durban offices.

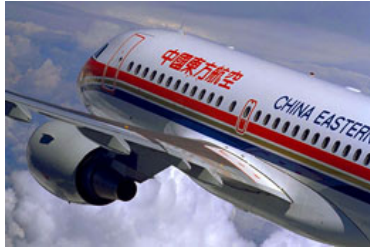
The aircraft dismantling took place on site in the UK under supervision of the South African purchaser. Upon completion, the aircraft parts together with a spare engine & additional spare parts were loaded into their shipper owned containers and ready for export via ocean from Tilbury. The project was concluded in six months and the aircraft safely arrived at the Durban docks over the Christmas holiday in 2009. Clearance through the Durban port was pre-arranged by KWE Durban staff and completed without any physical or documentary hitches. Despite the inclement winter weather in the UK which delayed their export & unseasonal summer rains upon arrival in South Africa – the aircraft arrived in excellent condition with no adverse effects from their 6000 mile journey and were delivered in January 2010.

According to Mr Hendrik Venter – CEO DMI Engineering – the aircraft had been purchased as airworthy but will be lovingly restored to top flight condition and will appear on the South African aerial display circuit during 2010.

*Much appreciation to KWE staff members in London and South Africa who were involved in the safe transfer of these valuable vintage aircraft!!*



## Carrier News



- **Hainan Airlines** will operate daily direct flights from Belgium to China beginning May 28. The airline currently flies four times a week between Brussels and Shanghai Pudong International airports. In response to high market demand, the flights to Shanghai replace an earlier plan to add extra Beijing flights. Belgium has strong ties with the city of Shanghai and the surrounding region. This new direct flight will facilitate new business between our countries, and will be very welcome to business people at both ends. Brussels airport is one of the largest airports in Europe, handling well over 17 million passengers and 450,000 tons of freight annually.



- **China Airlines** is set to enter Ireland's temperature-sensitive and express market sectors when it commences flights from London Heathrow to Taipei, Taiwan in March. With the addition of new passenger flights operating from London on Tuesdays, Thursdays and Sundays, China Airlines can now offer Irish agents next-day departures on four weekdays. The airline's Irish GSSA, IAM, has successfully built a substantial support for its three-times-weekly B747 Freighter flights from Manchester, using its express overnight road feeder system to deliver cargo from Ireland. China Airlines' flights to Taiwan will depart from London Heathrow at 21:15 on Tuesdays and Sundays, arriving in Taipei at 18:15 the following day. Thursday services will depart slightly later at 22:05, and will arrive in Taiwan at 19:05 the following day. China Airlines is already a key provider of main-deck capacity from Ireland to Asia. With this increase in frequency, it will enable us to target more of the considerable volumes of temperature-sensitive and express cargo moving from Ireland to Taipei and beyond.

- **Shenzhen Airlines** is going to launch a new roundtrip international route from Fuzhou to Tokyo. From April 6, 2010, there will be three flights each week flying between Fuzhou and Tokyo: departing on Tuesdays, Thursdays, and Saturdays at 08:20 Beijing time and 14:00 Tokyo time. This is the second air route from Fuzhou to Japan. The first is the Fuzhou to Osaka route which is scheduled to fly four times a week: on Mondays, Wednesdays, Fridays and Sundays.

## Cathay Pacific To Begin Moscow Service

Cathay Pacific Airways announced plans to fly to Moscow, capital of the Russian Federation. The airline is in the process of applying to the relevant authorities and looks forward to finalizing flight details as soon as the regulatory approvals are in place.

According to Cathay Pacific Chief Executive Tony Tyler, "Moscow has been on our radar screen for some time now as we expect it to quickly develop into a prime destination for business and leisure travelers." The planned addition to the network underlines Cathay Pacific's commitment to develop new markets and the company's ongoing work to strengthen Hong Kong as one of the world's leading international aviation hubs. Cathay Pacific's strong network will offer travelers great connections from Moscow through the Hong Kong hub to our Southeast Asian destinations and Mainland China with our sister airline, Dragonair. Travel demand between the two cities is showing substantial growth thanks in no small part to the visa-free access enjoyed by passport holders of the HKSAR and the Russian Federation.

Subject to regulatory approval, Cathay Pacific plans to operate a thrice-weekly service to Moscow with Airbus A340-300 aircraft in a two-class configuration featuring Cathay Pacific's acclaimed long-haul Business Class product. The intended new service is planned to begin this summer.

Cathay Pacific currently has a code share arrangement with the Russian national carrier Aeroflot on the Hong Kong-Moscow route.



**UPDATE : Bunker Adjustment Factor (BAF)  
Inland Fuel Charge (IFC)**

WESTBOUND (from USA to Asian destinations)				
	January 01 through March 31, 2010			
	20' dry	other dry	20' reefer	other reefer
<b>BAF – West Coast</b>	402	503	566	708
<b>BAF – East Coast</b>	799	999	1064	1330
<b>IFC – Pure truck</b>	58	58	58	58
<b>IFC – Truck/Rail</b>	200	200	200	200
EASTBOUND (from Asian origins to USA)				
	January 01 through March 31, 2010			
	per 20'	per 40'	per 40HQ	per 45'
<b>BAF – West Coast</b>	278	348	392	441
<b>BAF – East Coast</b>	551	689	775	872
<b>IFC-Truck</b>	58	58	58	58
<b>IFC-RIPI</b>	100	100	100	100
<b>IFC-IPI</b>	200	200	200	200

## Holiday Schedule – March 2010

21	March	Human Rights Day – South Africa	KWE Skeleton Staff
22	March	Public Holiday – South Africa	KWE Skeleton Staff

**“Spring Forward, Fall Back” - Daylight Savings Time Reminder**

**Daylight savings time 2010 is upon us!**

**Don't forget to set your clocks one hour forward on Sunday, March 14 at 2am!!**

**Daylight Savings Time is not observed in Arizona, Hawaii, Guam, American Samoa, Puerto Rico and the US Virgin Islands.**



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