

“There are some rumblings about how shipping, aside from short-sea shipping, will cease to exist in the next few years as a result of OBOR.

That is nonsense.”

-- Dr. Raymon Krishnan, the Asia Business Trade Association

Sergey Lazarev, General Director of AirBridgeCargo Airlines, further notes that Vietnam's growth in export volumes exceeds 20%, while Sri Lanka, China, South Korea, and the Philippines growth tops 10% (See sidebar.)

And, finally, consider the spud. In September, Japan lifted an 11-year ban on Idaho potatoes, after a chronic pest problem. In 2016, exports of fresh and chilled potatoes grew to \$19 million, and the US Foreign Agriculture Service sees a 6% increase in Japan's import of frozen potatoes this year.

That's small potatoes vs. consumer goods such as electronics, garments, and hi-tech products, but perhaps spuds might help mash last December's \$40 million US trade deficit with China, Hong Kong, Japan, South Korea, Singapore, and Taiwan.

“However, a growing middle class and the increasing disposable income are leading to a rise in backhaul trade volume and, hence, the



freight rate on these legs,” says Damas. “Though other factors like the new alliances played a role, the imbalance on this trade is shrinking.”

ZIM's Goldman and Yochai conclude: “The key is sustainable returns on equity and profitability—not short-term gains. We must as an industry recognize controlled growth and work together. Market share play or strategy over profitable returns will only further compromise all carriers, not only the smaller carriers but larger ones, too.”

US-Asia Air Cargo Explodes

That sonic boom you hear is the double-digit explosion of air-cargo growth between the United States and Asia, a trend expected to continue

Asia. Lazarev attributes the region's growth to demand for electronics and semiconductors; rising middle-class incomes; higher

imports to China.” Delta Cargo also reports year-over-year volumes exceeding 10%.

“While US demand is driving a strong flow of goods from APAC, specifically IT, e-commerce, machinery,

added services powered by digital technologies and guaranteed logistics solutions for special cargoes,” its website offers customers a “Cargo Supermarket.” That's because ABC belongs

“Asia continues keeping its positions as the world's manufacturer, with traditionally big volumes of high-technology and consumer goods.”

Sergey Lazarev, ABC.



ABC 747F flies to air-cargo soaring growth. (Photo courtesy of ABC.)

through 2018, according to a pair of air-cargo executives. “Asia continues keeping its positions as the world's manufacturer, with traditionally big volumes of high-technology and consumer goods,” says Sergey Lazarev, General Director of Moscow-based AirBridgeCargo Airlines.

Last year air cargo experienced a 13% increase last in air exports from

levels of urbanization; China's transition to an economic model based on services and consumption and, naturally, e-commerce.

“From one side, the e-commerce bonanza in the world drives the demand for exports from China to all parts of the world,” he says. “On the other side, the explosion of e-commerce activity in China, with netizens becoming more tech-savvy, fosters air-freight

and automotive, economic growth across APAC has elevated the demand for goods, which has helped fuel some of our trends westbound from the US to APAC,” says Eric D. Anderson, Director of Asia-Pacific Sales, Delta Cargo.

Noting high U.S. consumer sentiment, which a University of Michigan survey said in February was the second-highest since 2004, Anderson sees higher demand for Asian products particularly from Japan, South Korea, and China.

While American consumers consistently demand high-tech, air-cargo operators say shippers are in the market for carriers with increasingly sophisticated technology.

Delta Cargo, for instance, announced Equation Critical, a GPS-enabled service; perhaps in keeping with its Valentine's Day Eve announcement, the “highly time-sensitive shipments” come in distinctive pink packaging.

Along with added flights in Japan, Korea, Taiwan, and Southeast Asia, Anderson says Delta's expanding other services, namely its Pharma 4 program for products that need to be shipped at room temperature, including some prescriptions and certain biotech. The airline now boasts 49 pharma stations worldwide, with eight new destinations, including Hong Kong, Shanghai, Beijing, and Seoul.

Meanwhile, ABC -- Russia's largest cargo airline, boasts not only “high-quality, value-

added services powered by digital technologies and guaranteed logistics solutions for special cargoes,” its website offers customers a “Cargo Supermarket.” That's because ABC belongs

to the Volga-Dnepr Group, a Moscow-headquartered company that includes three airlines and bills itself as the “world leader in the segment of transportation



Sergey Lazarev, ABC

of extra-heavy and oversized cargoes.” The Group, Lazarev says, offers a diversified fleet, as well as “operational bases with highly qualified specialists and special equipment needed for handling, and quality services.”

As for concerns about potential political or regulatory turbulence, Lazarev cites “customs rules that are not easy to contemplate” in various Asian nations, while Delta says the US airline supports “economic and trade policies that support global trade and commerce.

“We remain vigilant on policy changes and stand ready to provide our support to enhance the benefits for Delta customers worldwide,” it says. -- John Jeter

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