

Alitalia Cargo

Via Miami to South America

Alitalia Cargo is busy expanding its route network to South America, whilst the sale of the stricken Alitalia Group goes into the final round.

Alitalia Cargo is still Italy's undisputed market leader with a market share of 17.3% in March 2007 (+0.7 points compared to February). For director Pierandrea Galli who has been sitting in Alitalia Cargo's cockpit for six months, all instruments indicate a steady climb.

«Our figures for the first quarter of 2007 are excellent,» Galli recently said in Milan. «We have increased our capacity by 25.3% compared to last year. Our performance measured in ton-kilometres climbed by no less than 33.4%. Our load factor thus rose by 4 points to 66.9%. We improved the load factor on our freighters by 4.1 points to 71.5%.» The cargo share of total Alitalia revenues increased slightly from 12% in the first quarter of 2006 to 12.5%. It was 11.1% for calendar year 2006.

Alitalia Cargo took over the final two of five converted MD-11SFs (special freighters with a maximum 90 t/556.7 cbm payload) last year. This concluded its fleet renewal. The carrier used the aircraft to fly to three US destinations (New York NY, Chicago IL, Atlanta GA), Shanghai and Hong Kong (both China), as well as Mumbai and Chennai (both India).

New trading area with a new partner

Alitalia Cargo has now started serving a new trading area with a weekly MD-11SF flight between its home base at Milan Malpensa and Miami FL (USA). Its new partner, Miami-based Centurion Air Cargo, will take care of onward and feeder flights to/from the most important South American destinations. To this end, both airlines have concluded a co-operation agreement.

Centurion Air Cargo reputedly operates the biggest freight network in Latin America with its six DC-10 freighters. The company evolved from Challenge Air Cargo, the freight carrier created by Bill Spohrer, which was taken over by UPS in 1999. Today, Centurion is part of AMC Alliance Management Centre, Miami, which also owns Cielos de Perú and the



Photo: Sulser

Pierandrea Galli, director of Alitalia Cargo

Alitalia Group 1st quarter results

	2007	2006	±%
Operational revenues	1,060.9	988.1	+7.4
Operational expenses	1,168.3	1,116.9	+4.6
Operational loss	107.4	128.8	-16.6
Pre-tax loss	146.5	156.6	-6.4
in million euros			

Brazilian Master Top Airlines. «Miami is becoming an important hub for us,» Galli commented. «With this expansion we are providing Italian industry with better access to the Southern American markets.»

Still red figures

Last year, Alitalia Cargo suffered «a loss of some tens of millions of euros,» Galli admitted. He wants to reach black figures with an even better load factor during the current year. However, yields per revenue ton-kilometre at Alitalia Cargo are at present 10.8% lower than a year ago.

Alitalia Group as a whole is still deep in the red. In addition to a pre-tax loss of



Photo: Alitalia

EUR 405 million (2005: – EUR 144 million), the Alitalia board declared a EUR 197 million depreciation of the fleet. Net losses for 2007 now amount to EUR 626 million (– EUR 167.5 million).

Losses for the first quarter of 2007 were lower than a year before (see table). The higher revenues are mostly attributable to the consolidation of Volare, an airline Alitalia took over last year. This consolidation also boosted staff levels by 304 to a total of 11,178 employees by the end of March.

Net reserves of the group amounted to EUR 886.7 billion by the end of March. This is EUR 266 million less than at the end of December 2006. At that time, the Group management said this should see the airline through the next twelve months at least. However, Alitalia should still be able to stay airborne until its takeover for which the final binding bids are imminent.

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Cool Chain Association

Attention to detail leads to success

The Cool Chain Association held its fourth annual general meeting at Paris Vatry airport (France) from 23-25 May. The main topics on the agenda were the latest trends in the retail sector and the effects they have on logistics, as well as the development of standards (CCQI cool chain quality indicators) for all links in the supply chain.

Climatic change, social responsibility, environmental costs, the carbon footprint and food miles are all major buzz words today, although such terms still arouse a feeling of otherworldliness in many experts in the transport and logistics industry. Nevertheless, CO₂ production in the transport chain is already a cutting-edge subject in the retail trade in both the English-speaking world and the bio sector – if only as a way to stay one step ahead of competitors. The attempt to reduce CO₂ emissions is leading to new shopping habits and to shippers transferring cargo from the air to the sea. Forwarders will need to adapt to this new practice, explained Tony Wright from Exelsius Cool Chain Management Consulting. Most of the attendees of this year's session of the Cool Chain Association (CCA) in Paris Vatry (France) agreed with what he said. Companies in other countries will follow this trend too. During the discussion, Wright outlined some of the difficulties that new habits could cause. Farmers in developing countries in Asia, Africa and Latin America depend

on the income generated by the export of their produce. In addition, greenhouse production in Europe is by no means environment-friendly either.

CCQI retail stores and ULD

The development of additional standards for the supply chain proved to be a far stormier activity. The German classification society Germanische Lloyd (GL, Hamburg) has been contracted by CCA and asked by the French retail chain Carrefour, the world's second largest food trader after Walmart, to work out a standard for the retail trade called CCQI retail stores. This new standard will complement the existing CCQI for airfreight, airports and the forwarding industry. The fact that such a standard exists has already raised the quality level in the cool chain. Around 70 firms have been certified to date, said Bernhard Ständer, a GL managing director. An initial draft for all types of outlets – from small butcheries and corner shops to superstores – was presented and discussed at the meeting. The draft is to be revised and adopted this year.

Furthermore, a new standard for ULD services was presented at the meeting. Manufacturers and operators can apply to GL for certification. This CCQI encompasses product quality, customer support, operating instructions, technical maintenance, hygiene and staff training. Ständer declared that the industry needs more training and not more equipment. When something does not function it is frequently due to operating processes. A standard for production – such as refrigerating the goods before shipping, for example, – is still lacking.

Jean Pierre Emond from Florida University (USA) led a rather heated debate on how to define the interfaces in the cool chain where the consignment temperature should be measured. The opinions of airlines, forwarders and shippers were light years apart with regard to what can be done and what should be done.

When outlining CCA's aims, its chairman Robert Arendal said that the lobby group will launch a campaign to attract new members, particularly in Asia and Latin America, in coming months. The association had exactly 50 paying members in May.

We aim to add value

The targets of the association, which is still in its infancy, need to be more clearly defined. CCA primarily regards itself as a mouthpiece for the perishables industry at present. However, many companies do not consider this a sufficient reason to become a member of the group. In addition, CCA has concentrated very markedly on airfreight so far, despite the fact that much greater quantities of perishables are carried by ship and truck. Huge problems can crop up with the latter modes of transport, just as in the airfreight sector. Furthermore, the association was requested to give some attention to pharmaceutical and high-tech products which fall into the perishables category.

Arendal stated that CCA will, in any case, target a closer collaboration with the aviation association Iata and the Cargo2000 lobby group. The first step was taken at a Iata conference in Mexico in March this year. Moreover, CCA and Cargo2000's quality benchmarks for airport-to-airport and door-to-door transport services are to be harmonised.

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Photo: Vatry airport

Paris Vatry (France) airport sponsored CAA's annual general meeting this year.