



Newsletter 

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April 08



Positive Development out of Europe

In 2007, the world economy grew by 3.9%, despite constantly surging oil prices. The highest price for a barrel of oil was close to 100 US\$ in 2007, and jet fuel prices in general stagnated on a high level throughout the year. Thus, air freight logistics worldwide were dominated by the economic paradox of a growing market in face of record-high fuel prices.

The average exchange rate of the Euro versus the US Dollar for 2007 reached 1.37 US\$, resulting in another economic paradox: despite this high exchange rate, European exports continued to grow. Demand for logistics was high, as outsourcing and off-shoring continued to dominate world production of ever more sophisticated goods. Especially the BRIC countries (Brazil, Russia, India, and China), and other emerging markets are part of global industry supply chains which benefit the air cargo industry in general and Cargolux in particular. In these difficult economic circumstances, the volume of exports from Europe, Central Asia and West Africa increased by 11,7% in 2007, versus 2006, and the revenue by even 27.5% versus the previous year.

New gateways were opened in Kazakhstan, with destinations Almaty and Atyrau and two more frequencies were added to Lagos and one more to Kinshasa. Furthermore, Libreville was added to the Cargolux network. Azerbaijan has played again an important role in the Cargolux network on our Asian routes. Strongest contributor out of Europe has been Germany, followed by Italy and France. Another remarkable growth could be noted among the emerging markets, in Eastern Europe, with Hungary's growth of almost 85%.

Cargolux continues to rank among the top 5 air cargo carriers in Europe, not only in FTKs, but also regarding our service level.

We will further endeavour to provide you, our customers, with competitive quality services and look forward to a continued mutually fruitful cooperation.

P. Wesner, Vice-President, Europe, Central Asia and West Africa



Changes to the 2008 Summer Schedule

The 2008 summer schedule will be effective as of March 30th, 2008.

To the Near and Middle East, the main changes include a new Almaty connection on Tuesday replacing the previous Tehran stop on CV 7322; this new flight will be called CV 8922/8933. It represents the third frequency to the city with additional flights operating on

Thursday and Sunday. A new Doha connection will also be offered on Thursday on flight CV 7324, replacing the previous Istanbul and Tehran stops. Similarly, the previous Tehran stop on Sunday will be replaced by an Amman stop-over (CV 7927).

Abu Dhabi stops on CV 7336 and CV 7931 respectively on Saturday and Monday are both replaced by a Baku

stopover.

Finally, Damascus will replace the previous Amman stop on CV 7841.

To Asia, both Ho-Chi-Minh-City stopovers have been re-scheduled.

The previous Monday stopover on flight CV 7941 flight is moved to another Monday flight CV 7841. Similarly the previous Thursday connection to the Vietnamese city is moved to Wednesday on flight CV 7943.

To Asia still, the previous Wednesday connection to Kuala Lumpur is replaced by a Thursday connection.

Cargolux's connections to Chennai will become offline as of April 1st.

Out of Asia, two new connections from Ho-Chi-Minh-City to Singapore are offered on flights CV 7852 and CV 7954 respectively on Tuesday and Thursday.

Similarly 2 new connections from Kuala Lumpur to Bangkok will be introduced on Tuesday and Friday on flights CV 7952 and CV 7955.

Asia originated services to Budapest have been upgraded too, bringing the total frequencies to the Hungarian capital to 6. The previous Sunday connection on flight CV 7977 is moved to flight CV 7331 on Monday. Two new services are established on flight CV 7973 and CV 7532 completing existing flights CV 7333, CV 8934, and CV 7937.

To the Americas, Cargolux introduces a new Miami service on Sunday. The flight CV 8607 will serve Miami and Houston before returning to Luxembourg on Monday morning.

The Prestwick stop-over has been cancelled on CV 7725 on the way to the USA on Friday and on CV 7611 return flight from New York.



Cargolux Adds Miami and Additional Houston Service

In order to strengthen Cargolux's services to the Americas, effective 6 April, 2008, the company will start a weekly service to Miami, with continuation to Houston, before returning to Cargolux's home base in Luxembourg.

CV 8607 is operated every Sunday morning, departing from Luxembourg at 08.30 a.m., with arrival in Miami at 12.50 p.m. Departure for Houston, CV 8611, is at 02.50 p.m., arriving at 04.30 p.m. Return from Houston is at 06.30 p.m., with arrival in Luxembourg on Monday morning at 10.15 a.m. All times are local times.

On board Cargolux's B747-400 freighters to Miami – Houston, mostly machinery, oil-well equipment and automotive parts are loaded, contributing to the growth of local industries. Importantly, Cargolux will offer connections on 'through airway-bill' to destinations like Manaus, Caracas and Lima.

In addition to this new service, Cargolux operates one flight to Houston on Thursdays, CV 7744, and offers additional trucking services from Los Angeles to Houston, in connection with the company's Los Angeles flights which are operated on Wednesdays, CV 7743, and on Fridays, CV 7745. [view flyer](#)



Welcome to Hong Kong

The logistics and supply-chain management sector has grown tremendously in Hong Kong over the past 10 years. This trend has materialized for Cargolux in a major increase in the number of flights operated out of this station, from two flights in 1998 to fourteen

flights in 2008 making it the largest Cargolux gateway outside Luxembourg!

The main drive behind this economic spurge is the mushrooming of factories in Southern China whose supply-chains involve air transportation out of Hong Kong.

Hong-Kong accumulates a number of advantages when it comes to the logistics infrastructure, one of them being a very simple customs procedure easing the re-export of China originating cargo to other parts of the world.

Similarly, trucking to Hong Kong is still the best and fastest alternative for most exporters who are hesitant to rely on a still maturing mainland infrastructure, and who feel hampered by restricted capacity on international flights.

The demand for capacity is such that even with the recent expansion of Guangzhou and Shenzhen airports, cargo is still trucked to Hong Kong due to capacity shortages especially during the high season months.

Furthermore, many freight forwarders still prefer to truck parts of their cargo to the Hong Kong hub, enabling them to consolidate all types of cargo, thus maximizing the utilization of a pallet, absorbing all the chargeable weight.

This is the main reason why airlines out of Hong Kong can hardly get any chargeable weight from the forwarders because all cargo submitted to airlines is fully utilizing the pallet pivot weight.

Hong Kong also plays an important role as a main distribution hub for many companies in the region because of its well-developed supply chain. This trend is illustrated by a well-known label designer which has appointed a local logistics provider to handle its distribution for all of its retail stores in Asia & Pacific. The logistics provider is responsible for the storage, the packaging, the labeling, and the distribution. This setup allows the shops to

guarantee availability of all products at all times, made possible by the excellent connectivity to all neighboring countries out of Hong Kong with numerous flights each day shuttling between these countries and Hong Kong. In view of all these credentials Hong Kong has a great potential to remain a central focus point on the map of Asian logistics.

The impact of globalization, however, should not be forgotten, and a recent labor law, enforced in China, increasing the costs of running a company, might have a negative impact on the overall business opportunities. As a result, some factories might be forced to move away from China to more attractive places like Vietnam or other Southeast Asian countries. The domino effect might lead to a drop in production levels in China, directly impacting exports out of Hong Kong.



In the Mood for Love

In February, Love was in the Air aboard Cargolux's flights from South America and from Kenya. Flowers from southern continents were flown into Europe to flood retail stores for the most romantic day of the Year: Valentine's Day. Additionally, some shipments also continued their journeys to the East to supply Russian florists for Women's Day in Russia in March. In January and February, Cargolux successfully operated 7 additional flights via

Ecuador and Colombia by re-routing its scheduled Wednesday Brazil flight (CV7653) via those countries for seven straight weeks. The high demand for flowers meant that additional capacity was requested in a very short time frame. The routing changes were easily incorporated into Cargolux's network thanks to the company's flexibility in terms of network adjustments. Compared to previous year, two more flights were operated during the same period thus increasing the company's "Love Load Factor" around the globe...



Pharmaceuticals at the Right Temperature

Pharmaceuticals require temperature controlled transportation at all times, on ground, during storage and in the air, as they do not admit long transit times.

Currently, Cargolux's pharmaceutical shipments are mostly generated by the company's European stations, with the biggest part contributed by Cargolux, Germany and Belgium, and Switzerland, with destinations in the USA, Asia, the Middle East, Africa and Australia.

The biggest share of Cargolux Germany's pharmaceutical shipments is destined for Indianapolis, specially added to the company's network for this purpose. Cargolux Brussels has mostly been involved in the transportation of human vaccines, destined for Asia, Australia, New Zealand and the U.S., plus some ad-hoc shipments to South America. In order to offer a better service to their clients, the vaccines are directly picked up at the client's plant, guaranteeing perfect temperature control. Furthermore, from Denmark regular insulin shipments for South America and Lebanon have been carried out. Switzerland is the traditional market for pharmaceutical and chemical products with a worldwide distribution platform, fully supporting the Cargolux service, and mostly using cool containers for those products, either Cargolux owned, or leased containers from other suppliers.

Imports of pharmaceuticals are mostly from the USA and from Japan into Europe.

The company has been well established in the pharmaceutical community, with more and more pharmaceutical companies shifting their business to Cargolux.

Due to stricter regulations implemented by the USDA and the FDA, the unbroken cool chain is a real challenge to maintain the required temperature. For this purpose, Cargolux has created a 'keepcool team', based on a cross-divisional function, with the aim to optimize the process, the follow-up, the monitoring, and the supervision of the unbroken cool chain up to the final destination. The keepcool team also works closely together to provide solutions to our customers and to Cargolux stations for any new temperature sensitive business.

Approx. three hours prior to departure to Luxembourg, the thermo-trucks are pre-cooled to the required temperature.

Upon arrival in Luxembourg, the precious shipments are stored at the required temperature during their short transit time in Luxembourg, then loaded o/b Cargolux's B747-400 freighter, under the supervision of dedicated Cargolux staff. The state-of-the-art Luxair Cargo Center offers special cool cells for the storage of such high-sensitive products, where the temperature can be regulated from 0 - 20 degrees C.

In case of any discrepancy occurring during storage or transportation, forwarders and shippers are informed pro-actively. Upon arrival at final destination, shipments are immediately taken care of and stored in the available cool storage area at destination, to await pick-up by the customer.

At selected airports, complete ULD's can be picked up at the aircraft and immediately stored in the cool truck.

In order to provide the required space for those shipments and to prepare the thermo trucks in line with client's

request, the forwarders communicate their space and service requirements in time. Confirmation of the booking has to follow 96 hours prior to shipping, and instructions to Cargolux have to be clear and precise. It should be mentioned that the transportation of pharmaceuticals is a 'team work', stretching from the shipper to the consignee where everybody involved in the supply chain has to perform according to the requirements of the product. [view flyer](#)



Cargolux's Budapest Service well Established

Cargolux Airlines International S.A. of Luxembourg has been operating all-cargo flights into Budapest since April 2002.

The company's decision proved correct as flights were filling up, especially in view of the fact that Cargolux is the only cargo carrier offering direct services out of Asia.

Today, Cargolux offers four flights from Hong Kong to Budapest, on Tuesdays, Wednesdays, Fridays and Sundays, and two flights routed Taipei – Bangkok - Budapest, on Thursdays and Sundays. Arrivals in Budapest are on Tuesday, Wednesday, Friday and Sunday afternoon from Hong Kong, and on Thursday morning and Sunday evening from Taipei / Bangkok.

From those Asia flight origins mostly IT related components, telecommunications and audio equipment, as well as machinery, textiles and tropical fish are flown. Telecommunications equipment is assembled in the region and later on returned for worldwide exports.

Flights from Budapest to Luxembourg are operated on Tuesday and Wednesday afternoon, Thursday morning, Friday afternoon, on Sunday late afternoon and on Sunday evening, connecting with the company's global route network.

From Hungary, apart from assembled IT equipment, hi-tech machinery, cars, art works, handicrafts, medicines and pharmaceuticals, as well as other perishables, are flown from the region on board Cargolux's temperature controlled modern B747-400 freighters, plus local gourmet goose liver, destined for Taiwan, Hong Kong and Japan.

Cargolux's Budapest service is also widely used for imports into Austria, with Salzburg, Innsbruck, Graz, Linz, and Vienna as main destinations of all incoming cargo, for which overnight trucking services ex Budapest are offered. In addition, direct deliveries are made for shipments of 1000 kilos plus, especially welcomed by the local consignees.

Furthermore, efficient airport-to-airport services to all surrounding countries are offered by Cargolux's offices in Vienna and Budapest. Main destinations are Prague, Bratislava, Warsaw, Ljubljana, Bucharest, and Sofia.

Since Budapest has become a major hub for exports to all Eastern European countries, Cargolux's responsible for the area, Anthony McNichol, and his team in Vienna and Budapest, are proud of the positive development of this service. [view flyer](#).



Cargolux offers Extended Service to Africa

Based on clients' demand and positive market developments, Cargolux offers a large number of services to and from Africa. Cargolux's gateways include Lagos/Nigeria, Nairobi/Kenya, Lusaka/Zambia, N'Djamena/Chad, Kinshasa/Dem. Republic of Congo,

Accra/Ghana, Abidjan/Ivory Coast, and Johannesburg/South Africa, and further expansion is foreseen.

Gateway Lagos in Nigeria is served five times a week, on Monday, Tuesday, Wednesday, Thursday, and Friday mostly transporting oil drilling equipment, consumer goods, and general cargo to the country.

Kenya, part of Cargolux's route network since 1993, has developed into an important gateway for Cargolux, with daily flights operated via Nairobi. Kenya's agricultural capital Nairobi remains the company's African 'flower gateway', in addition to other perishable shipments exported from this area. Since June, 2004, Cargolux also serves Lusaka in Zambia with currently one weekly flight, operated on Monday. During the flower season from October to May, flower shipments are loaded in Lusaka destined for the Netherlands, plus exotic fruits and vegetables, all year round, for destinations in the U.K. and the Netherlands.

N'Djamena in Chad is served since 2004, and currently a weekly service is offered on Tuesday. Similar to Lagos, oil drilling equipment and general cargo are transported to this new destination on Tuesdays.

In November 2003, Cargolux also introduced flights to Kinshasa / The Democratic Republic of Congo, with two weekly frequencies on Sunday and on Thursday. This gateway is mostly used as an import station, for freight from Europe, the USA, the Gulf Region, India and other Asian countries. It also serves as hub for cargo on-forwarded to Pointe Noire and Brazzaville in Congo.

Abidjan/Ivory Coast and Accra in Ghana are served on a once a week basis on Monday, bringing from Europe

telecommunications equipment, car parts, chemicals, pharmaceuticals, mining machinery, ship spares, and oil drilling equipment. Exports from both countries include mostly perishables as well as household and removal goods.

Last, but by no means least, Johannesburg in South Africa (Cargolux's oldest African gateway) is served from Luxembourg with four flights per week, on Sunday, Tuesday, Thursday and Friday. Southbound, most cargo on board is generated from Cargolux's European stations, plus a smaller contribution from the USA and the Far East, consisting of high-tech equipment, such as computer and telecommunications equipment, car parts, textiles, chemicals, pharmaceuticals, mining machinery, and ship spares. Northbound, the freight includes car parts and, during the perishable season plus growing importance of seafood shipments and flowers to Europe, leather car covers, textiles and chemicals.

Cargolux has its own office in Johannesburg, a GSA, Abidjan Air Cargo, in Abidjan, the company's GSA, Air Ghana in Accra, GSA Cargolink in Kinshasa, GSA Merchant Express in Lagos, its representative Zega Air Ltd. in Lusaka, its operations representative Afrika Aviation Services (A.A.S.) in Nairobi, and GSA C.A.S.T. Cargo Air Services Tchad in N'Djamena. [view flyer](#)



Cargolux Charter Division

With the availability of an additional 747-400F for charter flights for the period of four months, besides the long-term leased-in B747-200F, the year 2008 started very promising for Cargolux's charter division.

Most charter requests from historically strong markets, like Asia and the U.S., are absorbed by regular flights, but demands to and from Africa have offset the slow demand on other routes. For the first nine weeks of the year Cargolux managed to contract 37 adhoc charter flights either to or from Africa, with main commodities being mining and constructing equipment, as well commodities of the telecommunication industry.

March will be a speedy month, with transportation of F1 racing cars to Australia, from Malaysia and Bahrain and Moto racing bikes from Qatar and general cargo.

Whatever will be requested from our customers in April or later during the year, Cargolux's Charter Dept. will do their best to make it happen on time and will full dedication.

The combination of Cargolux's dynamic sales force all over the globe and our fuel efficient aircraft help Cargolux's charter division to ensure customer satisfaction and to offer competitive prices on numerous sectors.

For any request pls send your mail to Charter@cargolux.com, or phone our Charter Department: (+352) 4211 3357/3305/3323



Holy Transportation

On Sunday March 30th, Cargolux transported the famous Papal vehicle from Milano to Luxembourg with departure at 10.15 a.m from Luxembourg and further on to New York, with arrival at 02.30 p.m. local time, in preparation of Pope Benedict XVI's visit to the United States, foreseen for April 15 – April 20, 2008.

Representatives of the Port Authority, Customs and the Secret Service were present upon arrival of the famous vehicle. All went fine, and the Pope's mobile was loaded on the truck by 04.00 p.m. for its first stop Washington. Pope Benedict XVI's visit to the United States will start in Washington, D.C., and will be continued to New York City. The trip is historic, especially since the Holy Father will address the United Nations General Assembly, meet with President George Bush and visit Ground Zero.

Upcoming Industry Conferences

In April, Cargolux will be represented at various industry conferences:

Sebastian Scholte, Head of Marketing & Special Projects, will be speaking at the CEE Air Transport, Warsaw on

topic 'Air Cargo Trends in Eastern Europe', on April 7th, 2008.

A few days later, on April 10th, Christian Zenner, Manager Marketing, Europe, Central Asia & West Africa, will be speaking on topic 'Cargolux - Atyrau's Cargolink to the World' at the Atyrau Oil & Gas Conference 2008.

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