

AirBridge closes in on Air Cargo Germany

Several sources close to a deal-in-the-works have confirmed that all is changing at Air Cargo Germany - with another Russian company in the frame, in the form of Air Bridge Cargo/ Volga-Dnepr.

There has certainly been a lot of speculation in recent weeks about the future of struggling Air Cargo Germany. First, there were reports it was seeking new funding from its Russian backer, Rashid Mursekaev, owner of VIM-Avia (although the shareholders are listed as ACG Beteiligungsgesellschaft and City Leasing Ltd). Next, the word on the street was that new investment had failed to come through - apparently Mursekaev thought enough was enough.

But things continued to be bad. One customer reported that their rates were "insanely low". Another watched an ACG 747 take off from Mumbai "like a rocket". "There can't have been anything in it," he added.

As early as July, CEO Michael Bock told *Air Cargo World*: "We should make it clear that we do not want a strategic partner to join our business, but instead are looking for further financial investment in the airline."

Well, it doesn't seem as if plain old cash was on the cards. Instead, it looks as if it has got - well, more than a strategic partner. It looks as if it will be a classic takeover.

On paper, it would seem as if a struggling all-cargo carrier may not have much to offer a new investor. But although unused, ACG did secure traffic rights to the US last year. And, confirms Lufthansa Cargo, which is busy adding capacity on its Detroit route, the lane between Germany and the US is currently an attractive place to be. "It's got one of the highest growth rates, and it's really coming back after a huge dip," said a spokesman. He added: "We are not afraid of competition."

German traffic rights continue to be a problem for international carriers - you only have to look at Emirates' and Etihad's efforts to gain a foothold there. And if ABC has ACG's operating certificate, it will be able to take the car business ex-Germany, and fly to and from South America with flowers and perishables for Russia. ACG would also give it a maintenance hub at Frankfurt Hahn, and allow it to hub outside of FRA, likely at a lower cost.

ABC launched a route to Chicago in April, through Amsterdam, and Tatyana Arslanova said at the time: "As such an important market, the USA has always been on our strategic radar screen." It was planning to open a US office at the end of last year.

Its fleet is likely to be less of an attraction. ACG leases four aircraft, two 747-400BCFs and two 747-400 special freighters, with an average age of 19.5 years. ABC meanwhile has seen the first of a five-strong order of 747-8Fs delivered, and it has options on five more.

However, technically Volga-Dnepr would only be able to take a 49% share in ACG, and the company is currently keeping the story well under wraps, despite Frankfurt being awash with rumours. VD told *The Loadstar* it "would not confirm this". (Although that's hardly a denial, either.) Also not confirming are Frankfurt Hahn, ACG, ACG's lessors - the story is in blackout mode. Is VD hoping to avoid attention? German regulators are probably still smarting from Air Berlin's new ownership, so perhaps a silent approach is the best route to take.

But the mood in the market is slightly sour. While the forwarders are likely to get more services through ABC than ACG, one potential customer said: "Competition is good. But at the moment companies are trying to take each other out to hike the prices. I want to pay a fair price, but you can end up with a monopolistic situation - which Volga-Dnepr is very good at - just look at the way it controlled the Antonovs. And Air Cargo Germany did have very good prices."

Another German forwarder said the operation would need to change considerably to bring real competition. "There are quite a number of operators on the north Atlantic market, and almost all of these airlines have a better ground structure and sales organisation in Germany than ACG. So even with fresh Russian capital I don't see how ACG will justify their existence." Unless of course, it's actually ABC.