

# Henan sets out to conquer the cargo world

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BY DAVID HARRIS

For much of the last year, China's Henan province has been in the news for its acquisition (through investment arm Henan Civil Aviation and Investment Co, or HNCA) of a 35% stake in Luxembourg-based all-cargo carrier Cargolux. But that now looks to be only one part of a broad attempt by the province to turn Xinzheng Airport (CGO) in the provincial capital of Zhengzhou into a major worldwide airfreight hub.

Immediately following the finalization of the Cargolux agreement, the Henan Airport Group announced the signing of an agreement with Frankfurt-Hahn Airport (HHN). And this in turn was followed last week with a strategic cooperation agreement between the Henan Airport Group and Mitteldeutsche Airport Holding, the parent of Leipzig-Halle Airport (LEJ).

More detail on these latter two agreements follows below, but first we point out that one of the main pillars of the HNCA acquisition of the stake in Cargolux, was that Cargolux would adopt a dual-hub strategy, beginning with four weekly 747-400F frequencies between Luxembourg Findel Airport (LUX) and Zhengzhou. Looked at in isolation, this was not completely unreasonable. Zhengzhou is one of the biggest electronics manufacturing centers in the world, and all those iPhones and Xboxes have to be transported to their destinations in Europe, the Americas, and Asia. So, even though Cargolux might have trouble filling the freighters on the LUX-CGO leg, surely they would be full on the return trip.

But this is now looking less certain. The agreements between the Henan Airport Group and Frankfurt-Hahn and Leipzig are part of something called the World Cargo Airport Alliance, an initiative supported by Henan-based forwarder BST Logistics, and its partner Navitras. BST recently ACMI-leased a 747-8F from Atlas Air Worldwide Holdings, and is using the freighter on a three-times-weekly round-the-world route from Zhengzhou to the US, then onward to Frankfurt-Hahn and back to Zhengzhou. And according to a report in the German media, one of Frankfurt-Hahn's goals (to be realized via the agreement with Henan Airport Group) is to double the frequency of that service to six flights a week.

Add in that Leipzig also expects to see cargo traffic from Zhengzhou increase, and one has to ask just how much of this particular pie is going to be left for Cargolux. CGO reported a cargo handle of 256,000 tonnes in 2013. To put that volume in perspective, Hong Kong International handles over 330,000 tonnes *every month*. CGO is only the twelfth-busiest cargo airport in China, and barely registers on a worldwide list.

And a final point: In discussing the World Cargo Airport Alliance, BST Logistics executive Sebastian Chan said: "Other airports in Russia and the US will soon join the Alliance." It is possible that Cargolux will benefit from this by carrying cargo from its hub at CGO to these other airports, but BST Logistics will not necessarily be looking out for HNCA and Cargolux.

