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Delta and Virgin plan joint venture

US carrier Delta Air Lines and Australia's Virgin Blue Airlines plan to seek regulatory approval to form a joint venture that will expand both carriers' reach between the US and Australia and the South Pacific.

The alliance will allow Delta and the Virgin Blue Airlines Group to compete more effectively in those markets by collaborating on route and product planning, code-sharing on their respective networks and extending frequent flyer program benefits and lounge access to customers of both airlines.

"Together, Delta and the Virgin Blue Airlines Group will be a stronger and more effective competitor by offering consumers greater choice of destinations, frequencies and schedules, all on leading-edge aircraft," said Glen Hauenstein, Delta's executive vice president for network and revenue management. "For Delta, this agreement is a significant milestone in the expansion of our

global network in the Australia and South Pacific region."

"Virgin Blue and Delta make a tremendously exciting fit," said Brett Godfrey, chief executive officer and co-founder of Virgin Blue Airlines Group. "Not only will we offer travellers many new benefits and possibilities, but also the alliance of two new entrant operators will ensure that vital competition is sustained on the trans-Pacific route."

In advance of their joint venture, the carriers are moving forward to implement code sharing, frequent flyer program reciprocity and lounge exchange privileges. Delta and the Virgin Blue Airlines Group also will file antitrust immunity applications with the US Department of Transportation and with the Australian Competition and Consumer Commission.



Did AF-447 hit the sea intact

The initial findings into the June 1 loss of Air France 447 – which crashed into the Atlantic with the loss of all 228 aboard - indicate the plane hit the ocean intact and belly-first at a high rate of speed.

The findings do not explain why the pilots did not make a mayday call, or why so many bodies reportedly were recovered naked (earlier assumed to have had their clothes stripped away by the wind as they fell from a broken-open fuselage at 35,000 feet).

It also does not explain why bodies were found in two 'streams' many miles apart, considered to be consistent with a mid-air break-up.

More than 600 pieces of the aircraft are now en route from Brazil to France by ship to be studied further.

Meanwhile, at a meeting of Air France-KLM shareholders last week, some pilots said the company didn't do enough to prevent the plane from crashing into the Atlantic. Pilots from the Alter union handed out leaflets saying the pilots "have the painful feeling that not everything was done to avoid the crash of Flight 447" and that "the confidence of the personnel in the company's management is seriously affected."



Industry expectations up and down, down and up - IATA

The airline industry continues to face weak passenger and freight revenues and rising unit costs, according to the latest survey by the International Air Transport Association (IATA), but with significant changes in attitude and

predictions by individual industry sectors compared to previous surveys.

Reported net profitability (losses) for Q2 and expectations for the next 12 months have deteriorated from the previous survey in April, with more than 88 per cent of respondents reporting profitability had fallen in the past three months and the majority expecting a further decline over the rest of the year.

On the up side, expectations for cargo volumes over the next 12 months have swung from negative in April to a net positive in this survey, reflecting expectations of a world trade recovery, while passenger markets have deteriorated further since the last survey with only a smaller net balance expecting improvement over the coming year.

Passenger yields continue to be under pressure, with all respondents reporting falls in the past quarter and 50 per cent expecting further falls on passenger markets, although cargo yield expectations have switched to expecting a rise in this survey.

Costs also have swung sharply since the last survey with over 76 per cent reporting falling costs in Q2, although there is now a net balance of carriers expecting future cost increases.

Another significant finding in the survey has been a move from employment growth through Q1 to more than 61 per cent reporting job cuts in Q2 and with further cuts expected. Air cargo demand continued to suffer during the last quarter with the majority of respondents reporting decreased cargo volumes over the last three months. Recent traffic results indicate that a floor may have been reached during the first half of the year with international FTKs bottoming out at around minus 20 per cent.

Looking forward, the proportion of negative cargo responses moderated to just under one-third, and now more than half now expect an increase in demand over the 12 months ahead. Eighty six per cent of airlines in Asia, with a heavy exposure to the cargo market, now expect an improvement in demand

Thai Cargo rebuilds freighter fleet

Speaking to Payload Asia on the sidelines of the Federation of Asia Pacific Air-cargo Association's (FAPAA) 36th Executive Council Meeting and AGM in Bangkok last month, Thai Cargo's managing director Cargo & Mail Commercial Department, Pruet Boobphakam said the carrier had signed leases for two B747-400ELR freighters which will be in operation before the end of the year.

The addition of the dedicated freighter capacity makes good on Boobphakam's earlier statements that Thai Cargo was eager to regain its former glory, after a gradual stripping of its main deck cargo capacity over the years that left it with only the belly capacity of Thai Airways' fleet of 88 passenger aircraft. This put it at severe disadvantage in terms of moving Thailand's substantial perishables exports, which Boobphakam hopes to recapture.

These two freighters are only a stepping stone however, as Boobphakam said they will be replaced by two leased B777-200 freighters with the first coming online in February with a second in March or April. Another two B777Fs will join the fleet from later in the year, he added.

Three initial routes are being eyed by Thai, including: Bangkok-New Delhi- Europe; Bangkok-Shanghai-US; and Bangkok-Jakarta-Australia. Although coming in the midst of the worst downturn the air cargo market has ever seen, Boobphakam is confident that Thailand's still booming perishables Avient Aviation made a "market test flight" to Hong Kong last month. export market will help fill Thai Cargo's freighters.

Thai is also finalising work on a new 10,350 sq m perishables centre at Bangkok's Suvarnabhumi Airport that will support its cold-chain business.

Plans are also in the works for an expansion of Thai's cargo handling facility at the airport, which currently has a capacity of one million tonnes per year, but will soon reach maximum capacity with the new freighters coming onboard, he said.

Another key change at Thai Cargo, according to Boobphakam, is a new global focus rather than the more regional focus that the cargo division had in its previous incarnation. Aiding this new global outlook and ambition has been an ongoing effort to partner global freighter forwarders



China could challenge Germany's export title

The World Trade Organization (WTO) says Asian countries "may be leading a recovery in global trade" but "there's no room for complacency".

World exports of merchandise goods grew 15 per cent in nominal terms in 2008 to US\$15.78 trillion, WTO said in its latest World Trade Report.

The report noted that trade rose two per cent in real or volume terms in 2008 after rising six per cent in 2007. "However, trade still managed to grow more than global output, as is usually the case when production growth is positive," it said. "Conversely, when output growth is declining, trade growth tends to fall even more, as is evident in 2009."

Germany retained its position as the world's leading merchandise exporter last year, with exports of US\$1.47 trillion, slightly larger than China's US\$1.43 trillion.

But WTO chief economist Patrick Low said the current (tipped) recovery in global exports was fragile and a weak European performance

meant China is expected to overtake Germany as the biggest merchandise exporter this year. China's export performance faltered at the end of 2008. Its exports to the US rose only one per cent over the whole year after a growth of 14 per cent in the third quarter.

WTO said the US was the biggest importer in 2008, bringing in US\$2.17 trillion of merchandise goods, 13.2 per cent of the total, followed by Germany with a 7.3 per cent share of US\$1.21 trillion.

Total world imports rose 15 per cent to US\$16.12 trillion, giving a US\$345 billion discrepancy with exports, due to different ways of measuring imports and exports, the WTO data showed.

Half off these tickets

USAir recently introduced a special half fare for wives who accompanied their husbands on business trips. Expecting valuable testimonials, the PR department sent out letters to all the wives of businessmen who had used the special rates, asking how they enjoyed their trip.

Letters are still pouring in asking, "What trip?"



Clive Thomas -

All At C.T.Freight

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