

# Air cargo trade sprouts wings

By Sandra Bucovaz

HONGKONG'S export boom in the Year of the Tiger is clearly spelled out by the record air cargo activity in the past 12 months.

General manager of Hongkong Air Cargo Terminal Limited (HACTL), Mr Anthony Charter, yesterday confirmed 516,823 tonnes, including 324,487 tonnes in exports, was handled in 1986.

The total represented a 23 per cent increase over 1985 which had a humble half per cent increase over the previous year.

It made a mockery of the initial estimate of 2.5 per cent but then who was to know Hongkong's exports would take off the way they did?

Mr Charter said the 516,823 tonnes for 1986, valued at about \$90 billion, was clearly a record in terms of tonnage.

And while 1974 still boasted the record growth rate of 24 per cent the base was much smaller back then.

The dizzying results for 1986 are not expected to be repeated in the Year of the Hare which is viewed more as a time for consolidation.

"We have made a conservative forecast of five per cent growth...the outcome will depend largely on what happens with the US\$," Mr Charter said.

Airlines contacted were also cautious about reacting too hastily to the boom.

They were able to shift the record amounts so can afford to wait and see the consolidation before launching into any major expansion projects.

HACTL, which operates under a Government franchise, handles all air cargo in and out of Hongkong.

Its charge represents about 25 per cent by value of all Hongkong's external trade, but only one percent in tonnage.

Yet there is a shift, albeit small, from sea to air with a six per cent increase in the use of air freight services in the first three quarters of 1986.

At the same time the International Civil Aviation Organisation (ICAO) has projected annual growth of 11 per cent in the Asia Pacific cargo market in the next six years.

Mr Charter attributed Hongkong's export/cargo boom mainly to the linking of the Hongkong dollar to US\$ which made the territory far more competitive against other currencies.

Garments and textiles, consumer electronics — watches and clocks and toys accounted for a large slice of the goods exported.

The main destination was America which absorbed about 40 per cent of the tot-

al followed by western Europe, Australia and the UK.

Cargo manager for Lufthansa in Hongkong, Mr Georg-Peter Midunsky, was concerned about the the small amount of inbound traffic in comparison.

Due to the strength of European currencies their goods were expensive for Hongkong and mainland China to import.

"At present there is an imbalance in cargo flow affecting all the airlines," Mr Midunsky said.

"There is a strong demand for exports but low demand for imports.

"If we are to ensure our flights are operating economically we have to make greater efforts to activate import sales in Europe."

Mr Midunsky did not elaborate on what the "efforts" would be.

Below is a brief end-of-year wrap up by airlines contacted by the *Business Standard*:

"Cathay which enjoys the largest slice of the air cargo market in Hongkong, expects an end-of-1986 tally of 56,532 tonnes.

The figure, to be confirmed later this week, is well over the 39,267 tonnes recorded for 1985.

A Cathay spokesperson said a further 12 per cent increase was expected in 1987 particularly with



plans to expand cargo capacity.

A second freighter is scheduled to arrive in October 1987 and more cargo space will also be made on passenger services to European destinations.

From Hongkong Cathay flies to Frankfurt, London, Middle Eastern countries, Taipei, Tokyo, and Khaoseng.

Cathay's forecast for worldwide growth is 14 per cent again because of extra flights to Europe, Japan and Taiwan.

It expects to handle a total of 229,956 tonnes for 1986 compared with 192,628 in 1985.

Lufthansa, a joint venture partner with Cathay, handled 17,500 tonnes in 1986 compared with 13,000 in 1985.

Cargo manager, Mr Georg-Peter Midunsky tip-

ped a growth of up to six per cent in the coming year.

He was confident the air-freight industry would continue to benefit from the steady growth in exports.

"...Use of airfreight can often mean a reduction in costs for European buyers," Mr Midunsky said.

"For instance, short transportation time means orders can be placed at short notice allowing buyers greater flexibility to respond to fashions and seasonal fluctuations, it also means a reduction of storage."

In terms of inbound traffic to Hongkong, Mr Midunsky said the demand was disappointing.

Australian airline, Qantas, reported a 29 per cent increase in the amount of cargo handled since the start of the fiscal year in April.

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The upward climb is expected to continue in the remaining two quarters, according to cargo manager Mr Raymond Wong.

"A conservative guess would be a 35 per cent increase for the whole year with 90 per cent of the cargo

going to Melbourne or Sydney," Mr Wong said.

Mr Wong said Qantas was considering introducing a new freighter if the boom continued but capacity was adequate at present.

Since April Qantas has flown 2000 tonnes to Au-

stralia.

Mr Wong said there had been a shift from sea to air freight in Australia because of time consuming complications at Australian ports.

Also since the crash of

the Australian currency, people switched rapidly to airfreight because it meant commodities like electronics, considered to be high value items, could be sent over and sold before people become too paranoid about their economy.