News Journalist of the Year 2024

Runner Up Submission

Eric Kulisch

Cargo airline Amerijet warns of pilot furloughs amid downsizing

Loss of US Postal Service contracts, other business add to financial pressure

Eric Kulisch • Friday, April 26, 2024

An Amerijet Boeing 757-200 converted freighter is seen flying over Maho Beach before landing at Princess Juliana International Airport on Saint Maarten, Dutch Caribbean, on Nov. 23, 2023. Amerijet stopped flying its six 757s earlier this year and returned them to leasing companies because there wasn't enough shipping business to keep them filled. (Photo: Shutterstock/Wangkun Jia)

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(*UPDATED April 26, 2024, 2 p.m. ET, with statement from Air Line Pilots Association*)

Amerijet International plans to furlough a number of pilots in the near future to shore up cash flow after the loss of major contracts with the U.S. Postal Service and other accounts, according to internal company communications.

The number of pilots to be suspended depends on how many pilots accept offers to work less. The Miami-based cargo airline says it needs to reduce the pilot roster in line with lower customer demand.

"If we do not have enough volunteers or an increase in business, we will be announcing furloughs in late May for a June reduction," said Chief Operating Officer Craig Bentley in an April 23 memo addressed to pilots and obtained by FreightWaves.

How many pilots could be affected by the workforce reductions is unclear. Amerijet has about 260 pilots on its rolls. Last year the Air Line Pilots Association's website said there were 272 pilots. Pilots on chat boards and in interviews suggest Amerijet has a surplus of about 50 pilots. The roster has been declining because dozens of pilots have left in the past year to work for other airlines or retire at the same time Amerijet is not hiring.

After few, if any, crew members agreed to take vacation or otherwise cut their work hours, Amerijet is asking them to take unpaid leave or agree to a one-month-on/one-month-off schedule, Bentley informed crew members on April 18. Final details had to be worked out with the Air Line Pilots Association (ALPA) before Wednesday's message was issued.

Experts in airline industry labor relations say furlough candidates will come from the bottom of the seniority list. They will retain some benefits and be the first called back when the company starts rehiring. Under a new collective bargaining agreement signed last summer, pilots are guaranteed a minimum of 74 paid hours even if they don't f[...] much.

A series of cutbacks since early 2023 has not offset a sharp loss in business for the Miami-based cargo airline caused by the intersection of management missteps with a 16-month market contraction that stung the entire industry. Small and midtier carriers, like Amerijet, have not had as much financial flexibility to ride out the down cycle.

The airline's load factor, a measure of how full planes are, hit a three-year low of 29% in January. Cargo-revenue ton miles, which combines weight and distance pricing elements, fell 23.5% in 2023, according to the U.S. Bureau of Transportation Statistics. Amerijet currently employs about 887 people, down from a high of nearly 1,100 at the end of 2022 and 950 in January.

Amerijet is not the only airline dealing with a surplus of pilots. FedEx Express has acknowledged its airline has about 700 more pilots than it needs as overnight package demand wanes and it restructures its air and ground networks. UPS Airlines granted buyouts to nearly 200 senior pilots last year, but is now hiring again after winning the U.S. Postal Service's prime air cargo contract. In the passenger sector, money-losing Spirit Airlines recently announced it would furlough 260 pilots.

"ALPA has been actively working with Amerijet management on creative ways to mitigate short-term staffing issues at our airline. Through our extensive resources, ALPA is focused on preventing potential furloughs as the company navigates through changes to its business portfolio. While our industry is ever-changing, Amerijet pilots are optimistic that the recently negotiated agreements will provide the short-term flexibility needed to react to business changes and meet demand," said Captain Andrew Molbert, chairman of the union's Amerijet Master Executive Council, in a statement to FreightWaves.

Downward spiral

Airfreight volumes are finally on the road to recovery in many global markets, but Amerijet's situation has gotten worse with the recent loss of key customer accounts, forcing the company to downsize further and refocus on its core scheduled service in the Caribbean and Latin America.

Amerijet is taking steps to address the pilot surplus after the U.S. Postal Service canceled contracts for three of four routes, which reduced monthly flight activity by 700 hours and the need for three Boeing 767 aircraft, Bentley said in last week's memo.

"Our company must adapt quickly to the changing market conditions," he wrote. "It is not our intention or strategy to contract. However, we have to align our operations in the interim to the current conditions while we source and onboard new opportunities."

Two of the discontinued Postal Service routes connected Philadelphia to Sacramento and Ontario, California. The agency has not disclosed if the air cargo contracts have been awarded to another carrier. Since 2001 it has shifted regional air volume to less costly ground transportation as part of a transformation initiative designed to increase efficiency and save billions of dollars. But transcontinental lanes are areas where air cargo is still likely to be utilized because of the distance involved.

Amerijet delivery trucks move customers' cargo to and from the warehouse at Miami International Airport. (Photo: Eric Kulisch/FreightWaves)

Meanwhile, DHL Express has terminated long-term assignments to operate shuttle flights in its package network and reclaimed Boeing 767 freighters it lent Amerijet to operate on its behalf, FreightWaves previously reported.

Amerijet also eliminated about 10 nonpilot positions in the past week, including in the flight operations department, according to two sources with intimate knowledge about the company who asked not to be identified to protect against potential retaliation.

An Amerijet spokesperson did not respond by publication time to a request for additional details.

The company has been in turmoil for years. The arrival of ex-Air Canada executive Tim Strauss as CEO three and half years ago divided many of the legacy staff who bristl his management style and outside hires, many with backgrounds at passenger airli

Motivated by skyrocketing airfreight demand during the pandemic and a desire to move up from a small regional operator to a midsize global carrier, management significantly expanded its fleet and entered new markets. But expansion coincided with a freight recession, meaning costs were rising as the company faced diminishing demand. A lengthy delay getting six Boeing 757 converted freighters certified and added to the fleet, partly due to internal compliance problems, proved costly when the planes were inactive but still required monthly lease payments.

Steps to slow the hemorrhaging, including closing a small freight forwarding unit and offshoring accounting functions, culminated with Strauss' termination in October and a January restructuring that resulted in the return of the six Boeing 757s to lessors and new investors putting up $55 million to support ongoing operations. In March, Chief Commercial Officer Eric Wilson was dismissed.

Amerijet, as previously reported, lost $33 million in the 12 months ending Sept. 30, according to a U.S. Department of Transportation airline database.

Aircraft tracking sites show Amerijet's fleet, once as high as 22 aircraft, is down to 13 Boeing 767s. That's one fewer than measured in early March, possibly related to DHL's reclaiming one of its aircraft. Of the 13 freighters operated by Amerijet, three are owned and provided by customer Maersk Air Cargo.

Shrinking puts more pressure on an airline's unit costs and makes it hard to return to profitability. Costs go up with a smaller fleet as aircraft age and require more maintenance without the benefit of spreading fixed costs across new jets coming online. Also, the workforce gets more senior and more expensive without cheaper new employees lowering average costs.

On the positive side, Amerijet's revenue per block hour for the core business — regional scheduled service — has increased by double digits in the past year, and the comp
March added 20 block hours per week to meet demand, Bentley told the pilots. He

said the airline is capturing significant amounts of flower business from Colombia and recently booked 50 extra trips to move flowers to the U.S. market ahead of Mother's Day.

One pilot who spoke on condition of anonymity said his trips to Colombia this spring are much higher than usual because the flower business is so brisk.

Amerijet also is operating regular charter flights for the U.S. military to Poland.

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Postal Service's air cargo shift to UPS makes everyone a winner

Eric Kulisch

Eric is the Supply Chain and Air Cargo Editor at FreightWaves. An award-winning business journalist with extensive experience covering the logistics sector, Eric spent nearly two years as the Washington, D.C., correspondent for Automotive News, where he focused on regulatory and policy issues surrounding autonomous vehicles, mobility, fuel economy and safety. He has won two regional Gold Medals and a Silver Medal from the American Society of Business Publication Editors for government and trade coverage, and news analysis. He was voted best for feature writing and commentary in the Trade/Newsletter category by the D.C. Chapter of the Society of Professional Journalists. He won Environmental Journalist of the Year from the Seahorse Freight Association in 2014 and was the group's 2013 Supply Chain Journalist of the Year. In December 2022, Eric was voted runner up for Air Cargo Journalist by the Seahorse Freight Association. As associate editor at American Shipper Magazine for more than a decade, he wrote about trade, freight transportation and supply chains. He has appeared on Marketplace, ABC News and National Public Radio to talk about logistics issues in the news. Eric is based in Vancouver, Washington. He can be reached for comments and tips at ekulisch@freightwaves.com

Vendor troubles slow delivery of Amazon freighter aircraft

Airbus cargo conversion program in Alabama an 'unmitigated disaster,' leasing company says

Eric Kulisch • Tuesday, October 29, 2024

Elbe Flugzeugwerke GmbH specializes in tearing down used passenger aircraft, like this Airbus A330-300, and rebuilding them with a large cargo door and other features for carrying shipping containers. (Photo: EFW)

Amazon has four fewer Airbus package freighters for peak season than planned because the company responsible for converting the planes from passenger to cargo configuration is behind schedule and temporarily shifting production out of the United States until it can build a qualified workforce and supplier base. That has prompted charges of mismanagement from the lessor providing the aircraft.

Elbe Flugzeugwerke GmbH (EFW), a joint venture between aircraft manufacturer Airbus and Singapore Technologies Engineering, promised to deliver 10 rebuilt Airbus A330-300 widebody jets by the fourth quarter for use by Amazon's private cargo airline. Amazon (NASDAQ: AMZN) has received six of the A330 cargo jets since September 2023 and placed them with Hawaiian Airlines to fly in its domestic air distribution network under a 10-year transportation services agreement.

In an interview earlier this year, EFW Chief Executive Jordi Boto acknowledged shortcomings with the production process at sites in San Antonio and Mobile, Alabama, which he attributed to subpar training and workforce shortages stemming from the lingering effects of aviation industry layoffs during the COVID crisis. He said the company planned to relocate freighter conversion work to facilities in Asia and Europe until training and recruiting could be brought up to standard.

Final work is being carried out on the remaining aircraft at both modification sites, and no more conversions will be carried out in San Antonio and Mobile in 2025, EFW spokeswoman Anke Lemke said in an email last week.

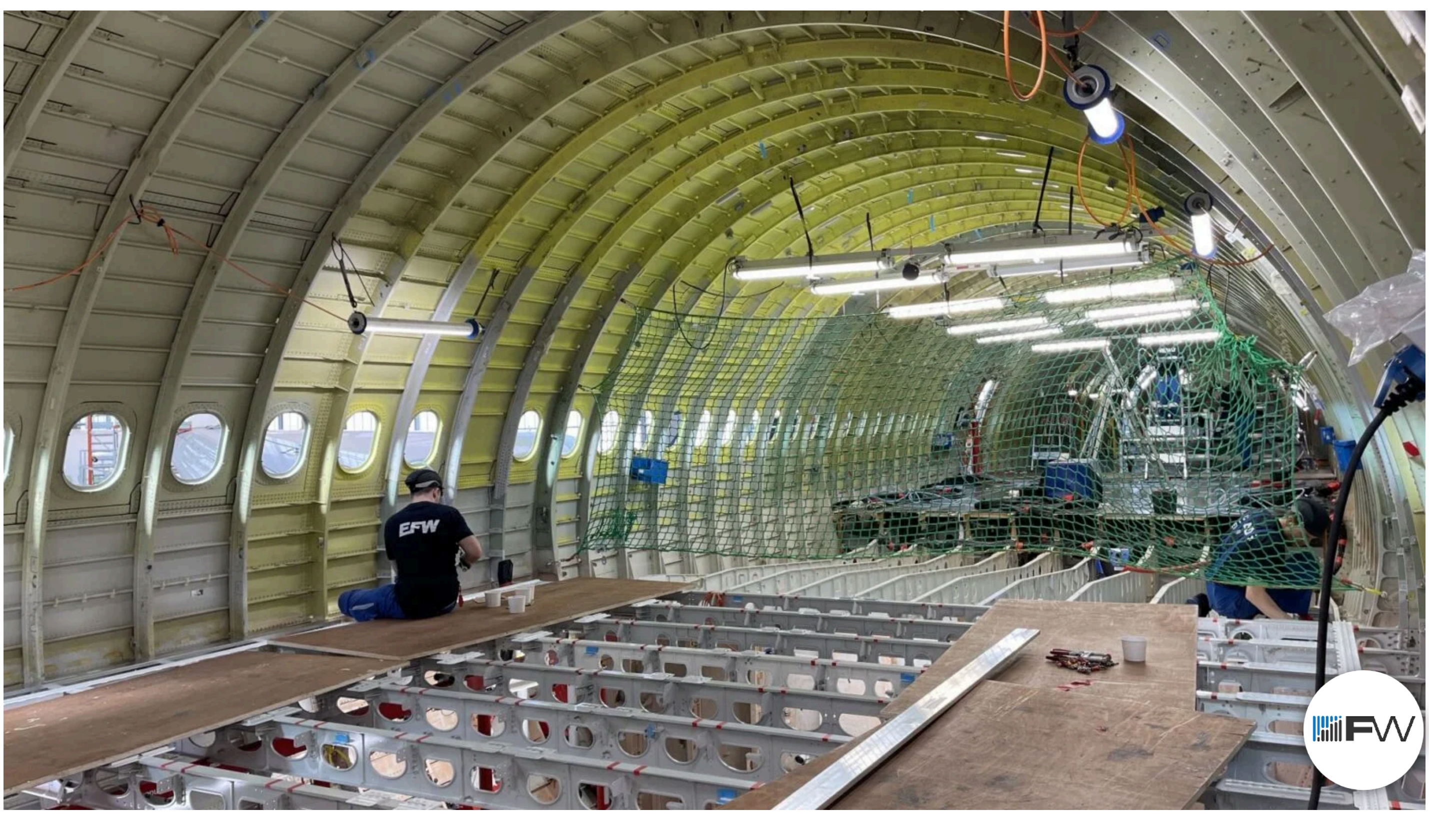
Amazon is leasing the Airbus cargo jets from Seattle-based Altavair, which owns the aircraft and contracted with EFW to retrofit them for carrying shipping containers on the main deck.

Altavair CEO Steve Rimmer said EFW's problems mostly resulted from a deliberate decision to prioritize ST Engineering's more lucrative airline maintenance and repai at the U.S. production sites, not supply chain disruptions plaguing the entire aircra manufacturing and conversion industry. ST Engineering's commercial aerospace unit is a global provider of maintenance, repair and overhaul services (MRO) for aircraft, engines and components.

Rimmer accused EFW of protecting a majority shareholder's interests over customers when it moved skilled labor from the Mobile conversion line to fill gaps at ST Engineering's next-door maintenance shop and Airbus' manufacturing plant for A220 and A320 family passenger jets as airline operations recovered and demand for aircraft increased.

"They saw an opportunity as Airbus' production lines in Mobile started gearing up again to rent labor to Airbus. Conversion customers were clearly left behind in the dust. The skilled labor is there. They've just chosen to allocate it to other higher-yielding things," Rimmer told FreightWaves in a phone interview.

He characterized the Mobile operation as "an unmitigated disaster."



An EFW machinest works to remodel an Airbus passenger jet for dedicated cargo service. (Photo: EFW)

MRO companies typically charge about $250 an hour for maintenance compared to $180 an hour for conversions. Tearing down and rebuilding an A330-300 for cargo service costs more than $20 million, not including additional maintenance, and takes about four months under normal conditions, experts say.

ST Engineering's facility in San Antonio does MRO work and cargo conversions of A321 narrowbody aircraft. EFW also has production lines at its headquarters in Dresden, Germany, and Singapore, as well as third-party sites in Istanbul and in Chengdu, Guangzhou, Shanghai and Tianjin, China.

A representative with another EFW customer, who asked not to be identified so as not to jeopardize ongoing business ties, said the conversion process in Mobile "was a horrible experience" that involved late deliveries, invoices that were 40% to 50% higher than initial estimates and poor communication.

EFW's customer list includes AerCap (lessor), BBAM (lessor), Air China Cargo, Air Transport Services Group (U.S. freighter operator and lessor), DHL Aviation, CDB Aviation (lessor, part of China Development Bank), Turkey-based MNG Airlines, Qantas, and SmartLynx Airlines.

Each A330 for Amazon has been delivered about six months late. Rimmer said the remaining aircraft should be delivered by the end of the first quarter.

How the delays have impacted Amazon is difficult to quantify. An Amazon spokesperson declined to comment about the A330 deliveries. But Hawaiian Airlines has hired new pilots and maintenance technicians who can't generate revenue yet without a full complement of freighters. Aviation experts say airlines need at least six to eight cargo planes for optimal operating efficiency and spare capacity when repairs are conducted. Amazon likely would want to carefully coordinate routes operated by A330s and it[illegible] Boeing 767 and 737 aircraft to minimize capacity mismatches and delays.

Labor challenges

Demand for all-cargo aircraft spiked during the pandemic when shipping activity surged and the grounding of most passenger flights eliminated some 50% of global air cargo capacity. Shippers experienced capacity shortages and high rates during the airline industry's slow recovery in 2021 and 2022. Leasing companies that lost revenues because passenger assets were grounded hurried to repurpose narrowbody aircraft as freighters and speculative investors entered the conversion market for the first time.

Modifying a passenger jet for dedicated cargo operations is a complex process in which the aircraft is stripped to the bones and retrofitted with a ruggedized interior, reinforced flooring and bulkheads to support heavy containers, a large cargo door, a cockpit barrier, and new wiring.

The global economic shutdown during the pandemic created massive dislocation up and down the supply chain, with factories at limited capacity, port congestion, vessels off schedule, overcrowded warehouses and empty store shelves. Most companies laid off workers during the crisis and then had trouble restaffing when business picked up.

Amazon's first A330 freighter, operated by Hawaiian Airlines, gets a water cannon salute from the Cincinnati-Northern Kentucky airport as it departs on its first commercial flight in early October 2023. (Photo: Amazon)

The aerospace industry has struggled to fully recover. Some suppliers went out of business. Aircraft manufacturers and repair facilities experienced huge delays for parts and raw materials through 2023 and let go of skilled employees they didn't think would be needed. Many workers left the industry for other jobs and never came back. Other industries, especially the defense industry after Russia's invasion of Ukraine, poached aircraft machinists with offers of better pay and work conditions.

Boto said EFW's assembly facilities in San Antonio and Mobile were hard-hit by the shortage of trained technicians at the same time the workload was increasing. With work quality and production rates suffering, the decision was made to transfer conversions to EFW facilities in other parts of the world. The company intends to bring back conversions to the U.S. in three or four years once it revamps the entire production and labor process, including recruiting and training, and figures out how to create a strong work culture rooted in quality. The best way to attract and keep good technicians is to set up a training academy or work with technical schools, he said.

"You have to invest in training. … Conversion is the highest level of complexity that operator can have," because technicians must have the flexibility to deal with imperfections in a 15- or 20-year-old plane, such as corrosion, that a machinist doesn't encounter when building a plane from scratch, said Boto.

EFW needs to do a better job of providing management support to partner facilities and monitoring their progress, he acknowledged.

"We have to change the way we support the sites. [Before,] we were delivering them the job cards, the technical documentation and the conversion kits. Now we have to be much more on-site. We have to send work parties to fully train them and work alongside them in critical phases of the conversion. We learned that. So we are rediscovering, a little bit – the whole business, actually," said Boto.

Sending conversion work to Europe and Asia makes sense, because many current customers are in Asia and it allows ST Engineering to concentrate on its MRO business, the EFW chief explained. Also, production of the A321 has slowed as passenger airlines hold on to aircraft longer because Boeing, Airbus and engine makers are dealing with their own delays related to supply chain and quality issues, which means there is less feedstock of used aircraft to repurpose for cargo conversions.

Frayed relationship

EFW communicated openly with Altavair and other customers as soon as delays were obvious so they had time to find other aircraft to fill a need on a temporary basis, according to Boto. Fitting reallocated planes into a new repair facility requires extensive negotiations to persuade customers to either move up or move back reservation slots and ensure suppliers can deliver parts ahead of schedule, he said.

Altavair negotiated with Airbus to buy four new A330-300 jets that were built for Hainan Airlines in China and never delivered, and bought the other six used aircraft from Abu Dhabi-based Etihad Airways.

The lessor selected EFW in 2022 to overhaul the Airbus A330s, because it was viewed as a subsidiary of the original equipment manufacturer and ST Engineering had a long track record as a reputable retrofit outfit. Rival Israel Aircraft Industries was new to A330 conversions and farming out some jobs to third-party installers. Relying on Airbus' conversion program had the advantage of full access to Airbus' original design data, fully integrated manuals and maintenance support that independent conversion shops don't have. EFW was best positioned to meet Amazon's requirement to have all 10 planes in service by the 2024 peak season, said Rimmer.

From the outset, ST Engineering fell behind in supplying pieces of EFW conversion kits to the Mobile production line

The ST Engineering maintenance, repair and overhaul facility in San Antonio, Texas, includes a hangar for cargo conversions (right foreground). ST Engineering will suspend conversion work there by the end of the year. (Photo: ST Engineering)

"As a shareholder in EFW, you should be looking and saying, what's the impact of t actions on my clients? And that didn't happen. They just stepped back and claimed they couldn't influence things," Altavair's CEO said.

EFW's problems appear to be limited to U.S. facilities. Rimmer said one of its aircraft was inducted at a Chinese installation site that had never done an A330 conversion before and was finished ahead of schedule.

"It demonstrates that if you're committed you can get it done. Conversions at sites in China have been markedly different and significantly better managed. The results are very evident. It's very clear ST Aero made choices to allocate workforce at its U.S. site to higher-yielding business," said Rimmer. "Yes, they've got some skill shortages now, but if you walk across to the other side of the MRO hangars, there's no shortages. All the experienced and more skilled labor is working on the MRO business, and the skill sets on the conversion side are significantly less experienced."

Altavair is pursuing contractual remedies to compensate for the late delivery of aircraft, he said.

Asked if EFW is making any accommodations to resolve Altavair's concerns, Boto said, "I prefer not to discuss this subject. When you have a customer and you tell him you're going to have delays it's not an easy thing."

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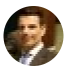
Atlas Air to invest in Anchorage base expansion as e-commerce surges

Dedicated facility offers cargo airline room to efficiently support growing fleet



Eric Kulisch • Thursday, August 29, 2024

A Boeing 747-400 cargo jet belonging to Atlas Air takes off from Ted Stevens Anchorage International Airport on Sept. 12, 2018. (Photo: Shutterstock/Thiago B Trevisan)

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Atlas Air is negotiating with the state of Alaska to build a large, dedicated operations base that would improve fluidity and ensure the airport can accommodate continued growth as the airline increasingly focuses on booming e-commerce trade from Asia to the United States, according to public documents and officials.

The proposed deal would see Atlas Air lease a large piece of mostly undeveloped land on the west side of Ted Stevens Anchorage International Airport for 55 years at an annual rent of nearly $533,000, with space for aircraft parking, fueling, and cargo loading and unloading, the Alaska Department of Transportation and Public Facilities said in a public notice this summer.

Plans for a major investment coincide with a significant upsizing of the freighter fleet. Atlas Air, which primarily flies on behalf of other carriers and freight companies, expects to add 11 aircraft this year after announcing last Thursday the signing of long-term leases for three Boeing 747-8 nose-loading jumbo jets.

Anchorage (ANC) mostly serves as a technical stop for airlines to refuel and change crews on long trans-Pacific routes, especially when flying with a full payload from South China or Vietnam. Cargo stays on the planes. Atlas Air is the largest all-cargo operator at ANC, with 7,000 departures per year – about 25 each day. Atlas has about 200 pilots and ground staff who live in Anchorage and an additional 600 fly-in pilots based there.

But Atlas Air's top executive didn't rule out using the airport as a cargo hub for consolidating cargo and feeding it to other cities, which would be a major change from how the airline does business there.

"There are some plans and good ideas in place for using Anchorage as an entry point to then do distribution out of there. It doesn't exist today, but it's something that could develop in the future. So we're investing in expanded facilities when it comes to maintaining our operation right, both from a technical perspective and a flight operations perspective and a ground handling perspective, accommodating the growth that we have there with dedicated parking spaces for our aircraft," CEO Michael Steen said in a video interview.

Atlas Air plans to build the facility, which would include a hardstand for up to 13 widebody aircraft, as well as a warehouse, maintenance hangar, flight crew operations base, storage for ground support equipment and administrative office, said Teri Lindseth, deputy airport director for planning and development, in an email exchange. The project is expected to be completed in 2027, although the timetable is up to Atlas and subject to change, she added.

"Anchorage International Airport is excited about Atlas Air's lease application in the Airport's West Airpark, as it will solidify our status as one of the top five busiest cargo airports in the world and support the local and state economy. The planned uses, including aircraft parking and cargo warehousing, underscore our airport's continued growth in air cargo," said Lindseth.

The public comment period has closed with no submissions of concern. Negotiations on exact lease terms are underway.

"With the expansions in our feet, we estimate that next year we're going to be up to 10,000 departures. That's a 40% increase. That kind of gives you an indication where the market is growing, what trade links are growing, and obviously the investments that we are making as well," Steen told FreightWaves.

Atlas currently operates on space administered by the airport and lots leased to ground handling companies. The move to a larger, self-controlled site provides Atlas Air more room to accommodate future growth and the ability to get priority for support services, including maintenance, than is available at multi-user facilities.

Air logistics experts say Anchorage needs more infrastructure to deal with the increased traffic and bad weather. Major storms as recently as last winter have crippled cargo operations for days. There is a shortage of paved parking areas and when there is significant snowfall taxiways can become clogged with aircraft. De-icing capacity can also be overwhelmed during weather events.

“I would say a majority of their [Atlas’s] capacity is in the Pacific, so they do really need an effective operation in Anchorage in order to have efficiency through their entire network,” said Neel Jones Shah, who recently left Flexport where he served as chief customer officer and global head of airfreight. “Because if one key point, like an Anchorage collapses on you because of weather and Fairbanks is closed, what are you going to do? You have no choice but to overfly with severe payload restrictions or or start canceling lots of flights. So, it leaves you in a pretty vulnerable spot.”

Harsh weather conditions, which also make it difficult for ground personnel to maneuver cargo for a large portion of the year, are why other freight consultants privately dismiss Anchorage as an effective transload location.

Transloading shipments between aircraft, with all the sortation, storage and consolidation involved, is very different from Atlas Air’s current business model of providing contracted charters. Through long-term or as-needed agreements, Atlas furnishes the whole plane to customers that decide where to fly. Whether the world’s largest operator of 747 jumbo jets could create a true gateway for cargo and take advantage of hub-and-spoke possibilities is an open question.

Another group, private equity-backed Northlink Aviation, is separately developing an air cargo terminal on the airport’s south campus. It too has a 55-year lease and plans a facility with freighter parking areas, an air-side warehouse, a ground service equipment facility, offices and other features.

Express carriers like DHL, FedEx and UPS use Anchorage as a distribution point but have the advantage of controlling their entire air and ground network around the world, including systems, facilities and personnel. Northwest Airlines swapped cargo at ANC for several years before it was acquired by Delta Air Lines in 2008 and United Airlines also had a short-lived hub operation there at the turn of the century.

One logistics professional, who spoke on condition of anonymity so as not to jeopardize business relationships, said a modest warehouse would be useful for Atlas as a place to offload cargo when a plane needs to be removed from service for some reason.

Steen declined to elaborate on how the new facility might go beyond an aircraft support function to a rerouting center for cargo, which would open the potential to serve more destinations, or provide an estimate of the project's cost.

"The development is going through various approval phases, so I really can't go into exactly what that plan is going to look like. We will announce that when everything is ready and outlined," he said. "But it's going to basically support the growth that we have in our operation up there."

Focus on international, large freighters

The planned expansion aligns with Atlas Air's recent decision to concentrate on dedicated widebody service for a growing base of international logistics, manufacturing and retail customers after e-commerce giant Amazon in late May opted to shift 25 aircraft it controls for domestic logistics from Atlas to Sun Country Airlines and ABX Air over a 12-month period. Under the existing agreement, Atlas Air provides crews, maintenance and insurance for the Amazon-supplied aircraft.

Sun Country flies Boeing narrowbody 737-800 converted freighters for Amazon, and ABX Air operates the Boeing 767-300, a medium widebody.

Steen at the time said Atlas Air would reallocate resources to intercontinental operations, where the profit potential is greater and large freighters are in demand.

The incoming 747-8 freighters from BOC Aviation will be deployed by late third quarter primarily for cross-border, e-commerce shipping, according to last week's announcement. Steen declined to identify which businesses the freighters will be assigned to but indicated one is for a new customer.

Atlas Air operates the largest fleet of Boeing 747 jumbo jets in the world. (Photo: Atlas Air)

Atlas Air currently operates 60 747 freighters, more than any airline in the world.

The three Boeing 747-8s have an interesting backstory: They previously flew for AirBridgeCargo, which is owned by Russian interests and was forced to shut down because of western sanctions following Russia's invasion of Ukraine in February 2022. Singapore-based BOC Aviation repossessed one of the aircraft in mid-2022 while it was in Hong Kong for maintenance, and temporarily leased it to Air Belgium. The other two, stored in Moscow, were repossessed in March. A U.S. court last year ordered AirBridgeCargo to pay BOC Aviation $406 million after it defaulted on leases when it couldn't maintain required reinsurance coverage.

Eight other freighters are scheduled to join the Atlas fleet this year. Two 777 production freighters ordered from Boeing last year are expected to enter service in the fourth quarter for an undisclosed customer. Ocean shipping giant CMA CGM's startup airline is also giving Atlas two Boeing 777-200s to operate on its behalf over the Pacific Ocean. The inaugural flight connected Hong Kong to Chicago on Sunday, CMA CGM announced. Atlas Air also acquired four previously owned Boeing 747-400 cargo jets that will join the fleet in the third quarter. Two of those will be dedicated to Shein and Temu by the end of the quarter.

Two of the 747-400s were bought from Silkway West Airlines in Azerbaijan, which reportedly is standardizing its freighter fleet around the GE Aerospace and Rolls-Royce engines rather than Pratt & Whitney engines. The other two freighters previously belonged to China Airlines and were acquired from a U.S. dealer.

Parent company Atlas Air Worldwide Holdings has 121 aircraft, including 86 freighters in airline operations and 25 aircraft owned by leasing subsidiary Titan Aviation. Among the 86 cargo jets flown by Atlas Air are eight 737-800s that Amazon will take back by next summer. Atlas also operates 10 widebody passenger jets for charter customers.

Atlas Air operates about 15% of the global large widebody fleet, more than any carrier outside express network carriers DHL, FedEx and UPS. And the 11 widebody freighters this year are more than any other carrier in the general cargo sector is adding.

Atlas Air Worldwide last month took $90 million in senior debt financing from Investec Aviation Finance for the acquisition of three Boeing 747-400 all-cargo aircraft.

The 747-400 model is older than the 747-8 and many flying today are becoming candidates for retirement, but Steen said they still have excellent value for Atlas because the fleet is relatively young at an average age of 23.5 years. The two aircraft from Silk Way West are less than 19 years old.

“There’s a lot of life in those aircraft, and they’re performing extremely well in our system,” he said.

The 747-8 has 20% more payload capacity than the 747-400 and is 16% more fuel-efficient than its predecessor.

Titan Aviation last year bought five 777-300 passenger aircraft and leased them to passenger airlines, including two to Qatar Airways and one to Air France, with the understanding they potentially could be modified into freighters, Steen said, confirming initial reporting by Cargo Facts. Three companies have started passenger-to-freighter conversion programs, but aviation authorities have yet to certify any of them for commercial use.

“When those leases are up, which is going to be several years from now, those aircraft will become good conversion candidates, and we will evaluate the various conversion programs that are now being developed,” he said.

Positive market direction

Steen predicted the air cargo market will remain strong into peak season because of a limited supply of widebody lift combined with high demand. Industry freight volumes are up 13% year to date compared with 2023.

“I think you’re going to see the trend continuing. There is going to be an increase in volumes [while widebody freighter capacity is constrained], and rates are going to be affected as a consequence,” said Steen, adding that favorable market conditions will extend into 2025 and beyond as demand grows three to four times more than freighter supply.

Atlas Air did not have any systems go down when the bug in a CrowdStrike security update for Windows systems pushed computers around the world into an unrecoverable reboot loop. But the company was impacted because many pilots who fly to Atlas bases from home were stranded when passenger airlines canceled and delayed flights, the Atlas chief said.

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