

HEATHROW

An airport falling in love with cargo again



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Air Cargo UK? Community talk

Heathrow is back. It's always been big – over £100bn-worth of goods travelled through Heathrow in 2014, more than at the UK's two largest container ports combined. It is the world's 13th largest airport by international air freight traffic, last year processing 1.54m tonnes. However, until a few years ago, freight was not firmly on its radar.

While cargo departments at Amsterdam, Brussels, Frankfurt – and other airports the world over – appeared to be bustling, Heathrow only acknowledged its passenger business, in which it is the third busiest in the world.

Freight seemed a dusty, dirty, distant memory to the airport, which sold off its cargo facilities in 2010. The existing 1960s freight facility, known not-so-affectionately as the 'horseshoe', strained under the pressure: volumes grew, trucks grew – but the outdated facility did not. The airport filled up; trucking elsewhere became common – at the same time as airports on the continent began to up their game.

But Heathrow changed in 2012. Not physically – but mentally, as it began a quest to become the only three-runway hub airport in the UK.

Although the UK government had already said it supported a third runway, the proposed expansion became a hot potato that no politician wanted to hold.

As recently as 2015, one senior politician noted that the great UK runway debate was, in effect, a "steaming pile of poo on the prime minister's desk".

The reasons behind the UK's apparent inability to decide on airport expansion are a mix of issues,

well-known to almost all airports – environmental and local objections – combined with UK-specific politics. And Heathrow realised that despite its own lack of commercial interest in cargo, freight was a great weight to throw behind its bid to expand.

Slowly at first, it reacquainted itself with cargo, appointing a manager in charge of ground operations and cargo – an appointment which in 2015 became, under the leadership of current airport chief executive John Holland-Kaye, head of cargo.

A cargo strategy

“I was agitating for a cargo strategy from 2014, but cargo was a low priority,” explains Nick Platts, who took the role.

“I’d had some interactions with the airport authority when I was at FedEx, and had a kind of perception of the airport about how it treated cargo.

“I knew we needed a cargo strategy. And so it was about finding the resources and the ability to convince them that it was a huge gap in the LHR business. We knew how important Heathrow was to the UK economy.

“Once I started to articulate the value of the goods, and how much we had relative to other airports, people started to immediately recognise it, and the penny dropped. They were kind of incredulous that it had been missed.”

But while appreciating the value of cargo in the expansion debate, there was also good reason that the airport had neglected freight.

Heathrow Airport Holdings’ 2016 revenue was a healthy £2.8bn, of which aeronautical income accounted for £1.69bn. It took just £132m from property – less than 5% of the total (against an airport industry average of 20-30%).

And cargo? It made an underwhelming £5m from freight – 0.1% of revenues – of which some £4.6m came from freighter landing fees. Despite its reputation for belly carriers, Heathrow also has about 2,500 freighter movements a year.

But where other airports make up cargo revenue from leasing buildings, the 2010 decision to sell off LHR cargo facilities precluded this.

While it has kept the freehold, it has no real commercial interest in the 1.5m tonnes of cargo which pass through it; leaving it, or rather its finance



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– Head of cargo Nick Platts

department, with something of an investment dilemma.

A different approach

Undaunted by this commercial roadblock Mr Platts decided to approach it in a different way.

“People think, well, there is no commercial model out there where airports value belly cargo.

“But the value is washing through the airport somewhere, somehow. So I’m trying to determine the value of cargo, and it’s in the destinations served and the frequency of those services.

“When I was at FedEx, if a shipment got bumped in the morning, I was happy knowing that there was a flight later that day and I’d still get it out. That’s a value.

“And a couple of airlines have shared some numbers on specific routes, and

we can see that cargo generates a huge amount of income for them. Depending on how you allocate costs, you could argue that cargo is holding up the profitability of that route. So it is of value to our customers.”

And on a “payload basis”, by working out what was passenger-specific and what was for cargo, Mr Platts determined that, in fact, about 10% of revenues could be attributed to cargo. “So it’s more than the £5m we report; and that argument worked internally.”

It also worked in context of the competition. “Unless you get back into property, you’re not going to make the money – but Amsterdam and Frankfurt are, so we needed to do something.

“We had to ask, what’s our appetite for risk, and what’s our appetite for capital investment? What do the shareholders want to invest in cargo,

and will the airlines let us spend money on cargo?”

The appetite clearly exists. There was little doubt from cargo companies that they welcome a renewed interest in freight from the UK’s major airport.

“Yes, it did matter that Heathrow had no cargo department,” acknowledges Stuart Holland, managing director of EuroCargo Aviation UK.

“Airport groups like MAG, which have had dedicated cargo departments, have been able to promote the importance of cargo to the world community and shown the UK is very much open for business in this area – in the past, Heathrow has not.

There must be a plan

“What has not been apparent until now are the future plans for cargo facilities at Heathrow. As passenger volumes increase and more carriers expand into Heathrow there must be a plan to modernise and develop the product. More planes appear to allow for larger terminals and more space for passengers – but cargo has been left to find its own way,” he adds.

Heathrow’s decision-making structure is complex. Investment decisions must be endorsed by the stakeholder group

of airlines, and plans take years to materialise. The focus has been, understandably, on passengers: airlines wanted new terminals, lounges – the airport’s passenger experience has improved substantially in the past few years. But a combination of lack of interest from stakeholders, lack of interest from the airport and an apparent lack of interest from the cargo buildings owner meant that cargo was left on the sidelines.

This is set to change. The horseshoe owner, Segro, has also to some extent been stymied by lack of commercial opportunity. Many tenants are on 50-year “peppercorn” rents – leases which are not due to expire until 2019.

With little pressure from Heathrow itself, Segro – which until it bought out the remaining shares in March this year, owned the cargo facilities 50:50 with Aviva Investors – had little opportunity or interest in investing. Its £365m buyout, however, suggests the property investment company sees value in Heathrow’s cargo facilities. But there is no doubt that currently they are not fit for purpose.

Despite being dogged by accusations of poor safety and lack of investment, however, some of Segro’s tenants have

sympathy for the company. One major customer – who like many other stakeholders at Heathrow preferred not to be named in this article – says: “Segro did more for freight than the airport ever did.”

Tensions

He adds: “There were tensions between Segro and Heathrow, and I am sure Heathrow in retrospect would prefer not to have sold the land. Segro has only been around for five or six years, while BAA had it for 40-odd years before that.

“Segro has been accommodating and a good landlord, but was dealt difficult cards. With the land under long-term leases for insignificant amounts of money, there was not much that could be done. We understand the constraints it has been under.”

Happily, the airport, Segro, tenants and other stakeholders are now more focused on the future rather than trying to lay blame for past inadequacies.

Everyone *The Loadstar* spoke to gave much of the credit for this to Mr Platts and his drive for change. Various described as “enthusiastic”, “energetic” and “blunt”, others admit he “banged heads together” and “is making a

Valuable vaccinations

4,000 tonnes of medicines and vaccines, worth £2.1 billion were exported by air via Heathrow over 12 months, protecting the health and wellbeing of millions of people worldwide.

Source: Seabury - Global Trade Database > UK Monthly (excludes EU27& Transshipments); Nov 2015 to Oct 2016 (incl.)

Heathrow Cargo

The third runway



The proposed expansion of Heathrow has been a fillip to cargo – but has also made any potential developments more complicated.

Mr Platts is insistent that his initial plans for cargo will go ahead with or without an expansion which still, six years after it was first mooted, has yet to be finalised. While the government approved it in October, Whitehall has also ordered a public consultation on the effects of the airport expansion before a final decision is made.

Parliament will vote on it again towards the end of this year, with construction not expected to begin until 2020, and the runway not operational before 2025.

There has been fierce opposition from some members of parliament (MPs), but the Scottish National Party, which has 54 MPs in the UK parliament, backed the plan after Heathrow made a series of commitments that included boosting Glasgow Prestwick Airport, as well as the lure of creating 16,000 jobs in Scotland and a reduction of passenger landing charges for services between Heathrow and Scotland.

Glasgow Prestwick is being considered as a potential site for a logistics hub for the building of Heathrow's third runway, one of three proposed in the country – and as a result is in favour of Heathrow expansion.

Not everyone is, of course. One UK airport executive outside

of London says his local airport is concerned that, with expansion, combination carriers will want to operate their freighters at Heathrow, and be adjacent to belly operations, rather than at other UK airports which have enjoyed maindeck cargo as Heathrow has been at full capacity.

"We are nervous," he admits. "It would make sense for airlines to tie in their freighter operations with passenger ones – but there are dynamics there which could still help us. Heathrow can't take traffic at night, and while a lot of goods are destined for London, if you look at warehousing in the UK, it's in the Midlands or the north. And that's where the freight is going. "For the time being, of course, there is no choice, as the third

runway is still a long way off."

However, Mohammed Akhlaq, business development director at Dnata, which has seven locations in the UK, says the third runway would boost all UK freight operations.

"It will make Heathrow an integral part of the UK. It's about moving freight seamlessly from London to the rest of the country and vice versa. It will drive freight around the UK."

There is little doubt that the UK's surprise decision to leave the EU has also given Heathrow's expansion plans a boost – it would be a foolish government in the current political environment that suggested otherwise, and allowed Schiphol or Frankfurt to continue taking away the UK's aviation business.

difference" – albeit in a feisty manner.

"Nick Platts is trying very hard to get a very fragmented community together," says Robert Keen, director general of UK forwarders' association BIFA. "But he has managed to get all the stakeholders to talk to each other.

"Heathrow has made a positive move forward by appointing a head of cargo who can drive improvement and

quality by bringing the various parts of the community together."

Interestingly, Mr Platts discovered in the course of his investigations that the Civil Aviation Authority, which had focused on passenger operations, also has an obligation to cargo customers.

"The CAA realised that the regulations stipulated that it should also be looking out for cargo

consumers – but neither us, nor the airlines ever asked it to.

"When you look back over the last 30 years and say there has been under-investment in cargo, it's not just down to the airport – it's everybody. We engage with the airlines, but they didn't raise it with us. It was never a priority for them. So it didn't make it to the top of the list."

He admits: "I absolutely accept that we didn't look at cargo for a very long time, and I absolutely accept we didn't have a strategy to deal with it and we under-invested in cargo. I'm not hiding from that. But equally I don't want the industry using that as the excuse. It's too late."

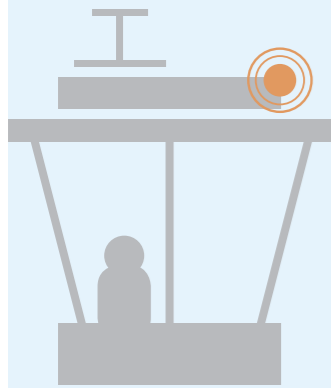
Heathrow has announced that it is to invest £160m into cargo, doubling

capacity by 2040. Mostly, this extra capacity will come from greater efficiencies rather than more freighter slots, with an aim of halving the processing time for cargo to four hours. One aim is to create an air-to-air transit facility on the airfield to reduce connection times – at the moment cargo leaves the airfield to be screened and then comes back.

It is also planning a centralised Customs facility, which has been warmly welcomed across the community.

This amount of investment, of course, is dependent on the airline stakeholders agreeing that it would be money well spent, and a decision won't be made for some time. First the airlines have to agree it's an idea worth

AIRPORT DATA



Heathrow's plan for cargo

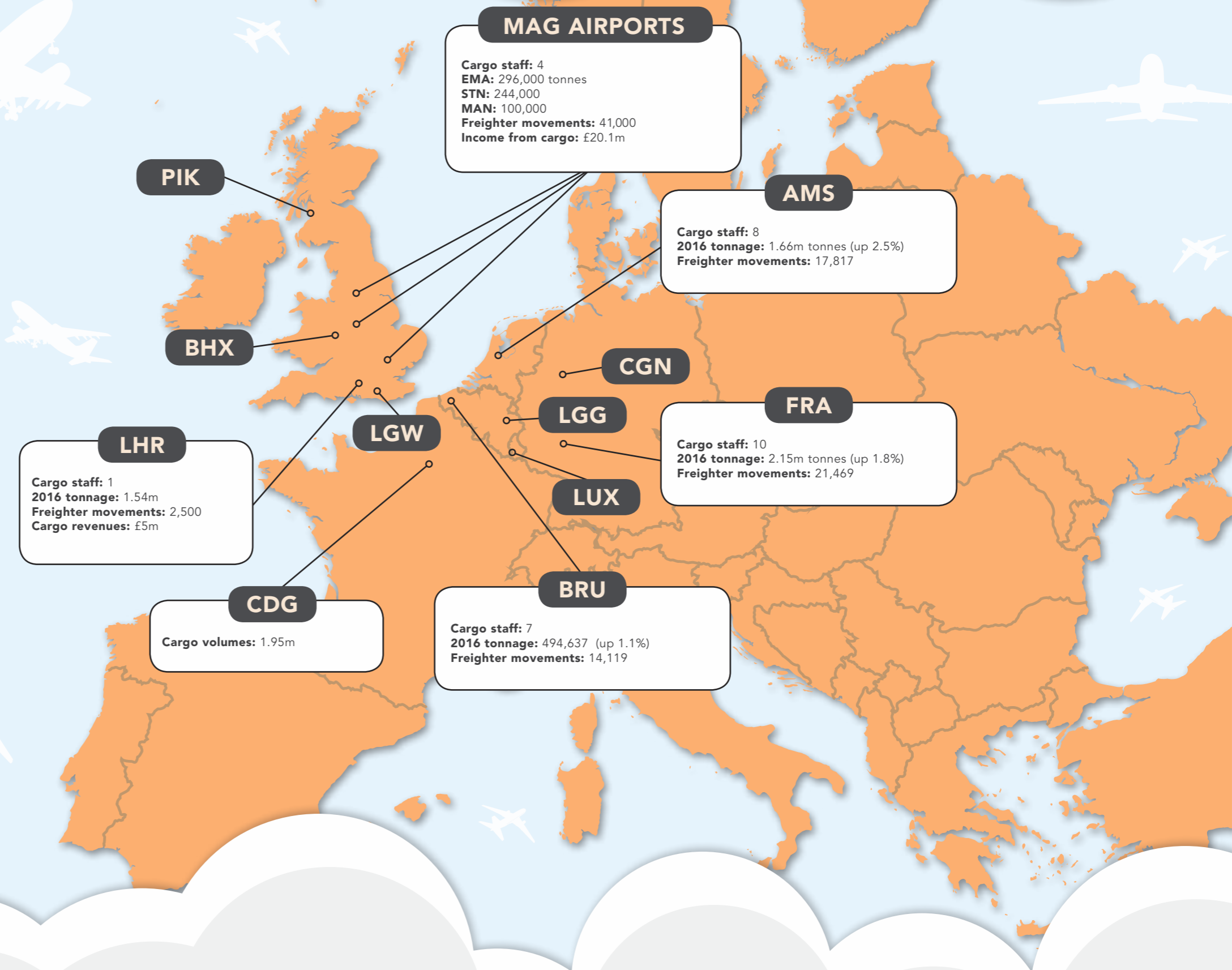
- Halve current throughput times to be more efficient.
- Make cargo throughput times predictable to reduce costs.
- Add cargo capacity at the airport to generate additional cargo volumes for airline partners.
- Work with the cargo community, through engagement and discussion.
- Grow cargo sustainably, while minimising the impact on neighbours.
- Be 100% e-freight compliant to reduce waste, costs and delays.
- Be a great airport of choice for cargo.
- Provide a safe working environment.

Exports of interest

46,000 tonnes of fresh Scottish Salmon was exported via Heathrow in the last 12 months – that's the equivalent weight of 230 blue whales.

The top 5 Heathrow exports by value are: Jewellery and precious (£4.37bn/year), Machinery (£2.13bn), Medicines and pharmaceuticals (£1.24bn), Electrical machinery (£0.88bn), and Photography and Cinematographic equipment (£0.83bn).

The top 10 most unknown UK exports in a recent study were Diamonds (91.6% of those surveyed), False eyelashes (89.2%), Television parts (83.8%), Binoculars (82.6%), Sugar (82.7%), Fuels (82.2%), Pets (81.2%), Umbrellas (79.9%), Oil (79.3%), Iron (79.1%).



looking at, then the airport comes back with a more detailed plan. Then there is more consultation.

It is not a speedy process.

Which leaves cargo facilities development in something of a quandary. Already, Heathrow's design plans changed after the government asked it for a plan that was faster and cheaper than the original – and they may well change again. The question for now, is what the airport can do initially with a limited budget.

The horseshoe

"We have been working with Heathrow, Customs and Border Force and stakeholders for 12-18 months intensively on long-term redevelopment," says Alan Holland, Segro's director for Greater London.

The horseshoe is known for congestion and safety issues and a general "unfitness for purpose". But finally, with peppercorn rents ending and Segro taking over full control, there is optimism.

"It gets a lot more favourable with the prospect of the third runway," he adds. "There is a lot we can't do by ourselves, but we are now trying to take everyone with us."

The plan is to turn the horseshoe around 90 degrees, so it is in line with the British Airways World Cargo centre, and the buildings are perpendicular to the runway.

"We aim to create a world-class cargo facility which works in either a two-runway or three-runway world," explains Mr Holland. "The design and layout will be a bit bigger, but a lot better in terms of form and function."

Segro is considering adding height to the buildings, but needs customers to commit to the new designs. The biggest challenge is that the cargo facility has to continue to be operational during the refurbishment, which will take five to seven years, in three phases of development. The first phase will start in 2019 when the first leases end.

"There are several issues that need to be sorted," says one tenant.

"For a start, it was designed in the 1960s when 40ft vehicles hadn't been conceived, so road access



Heathrow is to invest £160m into cargo, doubling capacity by 2040

is dramatically out of date. That has to be built into future designs, as does automation and pallet movements. There also needs to be a better balance between office and warehousing space. The days of hundreds of people pushing paper around have largely disappeared and we need more emphasis on the movement of freight, not the movement of paper.

"And the security landscape has changed. Having the security points in the airport adds time and costs, and there is an opportunity to change that by putting the cargo inside a restricted area."

Call Forward

One of the main and most immediate plans put forward by Heathrow has been a 'call forward' scheme to reduce traffic congestion. But there are several challenges to overcome – and it needs community engagement, says Mr Platts.

"I can put in a call forward system, but unless companies change their business processes to take advantage of it, they're not going to see the

benefits," he argues.

"We expect companies to manage their vehicle utilisation better – and if they don't, we will reduce their allowance for vehicles on the airfield," he warns.

However, the initiative has mostly been welcomed.

"You need to make sure that the horseshoe can cope with the volume of traffic – it can get very busy, with sudden peaks," explains John Kwijuka, business development manager at Heathrow-based road feeder service Van Swieten Air Cargo. "The call forward scheme could be good. One of the potential problems for it, though, is the restriction on driver hours. It can take a really long time to load. But I do think call forward will be better than what we have now."

He adds that the scheme would also need to be future-proofed. "The rise of e-commerce could change things. Lots of people will want to do just-in-time deliveries and the volume and vehicle size could change, with lorries getting smaller. The need for HGVs won't change overnight, but e-commerce could alter things and make us less reliant on the horseshoe."

For the call forward initiative (CFI) to work effectively – and also to reduce road congestion to assuage the concerns of local residents, Heathrow needs a truck park – but finding the space has so far eluded the airport and Segro.

"We have been looking at sites we can use that won't be challenging or expensive. There



Paying the price – airport costs compared

Aircraft	B747-8F	747-400ERF	B747-300F	MD-11F	B777-200F	A330-200F	IL-76	An-124	B737-300F	B757-200F	B767-300F
STN											
Runway	£508.35	£505.39	£705.06	£525.89	£498.78	£356.74	£642.59	£504.58	£333.40	£339.33	£351.47
Parking*	£1,689.28	£1,578.88	£1,450.08	£1,111.52	£1,339.68	£905.44	£684.64	£1,549.44	£294.56	£427.04	£747.20
Infrastructure	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
EMA											
Runway	£1,878.32	£1,751.12	£1,602.72	£1,212.64	£1,475.52	£975.20	£720.80	£1,717.20	£271.36	£424.00	£792.88
Parking*	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£108.80	£0.00	£40.96	£64.00	£119.68
Infrastructure	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
MAN											
Runway	£2,562.73	£2,562.73	£4,212.73	£2,453.74	£2,562.73	£2,056.20	£1,519.80	£2,562.73	£572.16	£894.00	£1,671.78
Parking**	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£199.50	£273.00	£0.00
Infrastructure	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
BHX											
Runway	£4,567.33	£4,258.03	£3,897.18	£2,948.66	£3,587.88	£2,371.30	£1,752.70	£4,175.55	£659.84	£1,031.00	£1,927.97
Parking*	£248.08	£231.28	£211.68	£160.16	£194.88	£128.80	£95.20	£226.80	£35.84	£56.00	£104.72
Infrastructure	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
FRA											
Runway	£3,453.88	£5,666.41	£8,839.87	£2,941.22	£2,752.65	£2,548.39	£4,418.07	***	£870.37	£722.53	£2,261.78
Parking*	£377.51	£306.38	£306.38	£301.35	£306.38	£294.10	£301.35	£325.68	£163.29	£236.15	£236.15
Infrastructure	£73.38	£73.38	£73.38	£73.38	£73.38	£73.38	£73.38	£73.38	£73.38	£73.38	£73.38
BRU											
Runway	£2,189.22	£2,121.47	£2,647.65	£2,737.60	£2,185.08	£1,850.62	£2,237.89	£2,109.13	£724.63	£1,108.61	£1,774.31
Parking**	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£67.28	£114.33	£0.00
Infrastructure	£4.78	£4.78	£4.78	£4.78	£4.78	£4.78	£4.78	£4.78	£4.78	£4.78	£4.78
AMS											
Runway	£2,324.59	£2,179.74	£3,658.56	£1,766.06	£1,863.49	£1,278.43	£1,714.50	£2,141.00	£454.41	£677.98	£1,196.22
Parking*	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Infrastructure	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
LHR											
Runway	£1,448.38	£2,355.36	£9,208.70	£2,997.88	£2,651.47	£2,299.23	£9,024.29	£2,045.04	£2,490.79	£2,671.96	£2,535.81
Parking*	£418.96	£418.96	£418.96	£418.96	£418.96	£418.96	£418.96	£418.96	£174.56	£174.56	£418.96
Infrastructure	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
LUX											
Runway	£4,739.20	£4,684.77	£4,314.94	£3,329.19	£3,556.62	£2,389.52	£2,048.97	£4,600.98	£733.72	£1,147.24	£1,955.78
Parking*	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Infrastructure	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
LGG											
Runway	£3,148.47	£2,935.26	£2,686.50	£2,032.65	£2,473.29	£1,634.65	£1,208.22	£2,878.40	£454.86	£710.72	£1,329.04
Parking*	£1,621.48	£1,511.67	£1,383.57	£1,046.83	£1,273.76	£841.85	£622.24	£1,482.39	£234.25	£366.02	£684.46
Infrastructure	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
CDG											
Runway	£2,165.11	£2,290.12	£2,435.02	£1,713.98	£1,786.57	£1,301.51	£1,411.93	£2,733.97	£635.68	£735.24	£1,119.77
Parking*	£1,951.07	£1,818.94	£1,664.79	£1,259.61	£1,532.67	£1,012.97	£748.72	£1,783.71	£281.87	£440.42	£823.59
Infrastructure	£37.57	£37.57	£37.57	£37.57	£37.57	£37.57	£37.57	£37.57	£37.57	£37.57	£37.57
PIK											
Runway	£3,411.10	£3,180.10	£2,910.60	£2,202.20	£2,679.60	£1,771.00	£1,309.00	£3,118.50	£492.80	£770.00	£1,439.90
Parking*	£119.61	£111.51	£102.06	£77.22	£93.96	£62.10	£45.90	£109.35	£17.28	£27.00	£50.49
Infrastructure	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
MXP											
Runway	£3,385.95	£3,184.77	£2,949.47	£2,322.62	£2,746.51	£1,934.68	£1,512.62	£3,130.89	£683.77	£2,881.78	£1,632.95
Parking*	£226.78	£211.42	£193.51	£146.41	£178.15	£117.74	£87.03	£207.33	£32.76	£51.19	£95.73
Infrastructure	£940.26	£940.26	£940.26	£940.26	£940.26	£940.26	£940.26	£940.26	£640.17	£640.17	£940.26
CGN											
Runway	£2,436.70	£2,417.07	£3,744.21	£2,141.35	£2,141.35	£1,917.70	£2,373.91	£3,731.95	£756.23	£1,074.11	£1,659.88
Parking*	£0.00	£0.00	£0.00	£331.86	£0.00	£266.88	£197.26	£0.00	£74.26	£116.04	£216.99
Infrastructure	£1,883.18	£1,638.49	£1,638.49	£1,420.49	£1,638.49	£1,257.70	£941.34	£1,638.49	£586.58	£586.58	£1,027.08

Source: AirportCharges.Com

* Parking fee for 4 hours ** Aircraft under 100 tonnes incur charges after 2 hours *** the An-124 falls into Category15 at FRA and triggers significant additional charges



“We aim to create a world-class cargo facility which works in either a two-runway or three-runway world”

are a couple, but the problem for Heathrow is that there is a long list of people who want them – a car park could be more profitable, for example,” acknowledges Segro’s Mr Holland.

But BIFA’s Mr Keen argues that the short-term priority ought to be relieving congestion.

“The only way to improve it is to make the call forward project work – it will be better if that’s done properly.

Need to find land

“They need to find some land for truck parking, so trucks can go there to be called forward to the horseshoe and be served immediately at their allotted time.”

Forwarders agree. John Corr, tour principal for band and concert specialist forwarder Sound Moves, says: “Anything that manages the uncontrolled arrival of trucks and vans in a congested and hazardous area, around the horseshoe in particular, is an excellent idea, particularly if it links to virtual CFIs for off-airport warehouses of registered agents.”

Lack of space for trucks could be ameliorated by better communications with drivers, adds Mr Kwijuka. “Agents should be able to upload what vehicles they are expecting and when. The airport could provide a neutral platform. It would have the data and can challenge

and question companies when there is unnecessary congestion.”

However, one tenant is disparaging about the plan: “CFI will never happen. It’s a sticking plaster solution. Let’s focus instead on redesigning the site rather than finding new space. And no one is ever going to pay for incredibly valuable Heathrow real estate to park trucks on.”

Nevertheless, Heathrow is expecting to issue an RFP for the CFI in the coming months.

“The scheme is in two parts – physical and digital – and due to a lack of land in the area we’re only able to progress the digital element at the moment,” admits Mr Platts.

“While the commercial issues aren’t resolved, Heathrow has taken the lead in this project because of the value it brings across the industry. And don’t forget, we’re doing this in response to industry expressing their concerns about congestion in the horseshoe.”

Another idea mooted by the airport is a common-user ‘milk run’ whereby one service operates all the on-airport trucks and deliveries.

Mr Corr explains: “We run our own dropping-off exports service in the evening, and then collect imports overnight, but might use a service that

efficiently recovered and delivered freight that was needed more urgently than waiting for the milk run truck to unload the following morning.”

While most participants broadly welcomed the idea, one said it would be a “short-term fix”, while another questioned who would run it. “The airport is not a truck operator.”

Heathrow is able, however, to fix some things. Mr Platts has been keen to clear up the ramp areas where, according to Segro, “the airport is awash with containers. At the moment airlines pass them to handlers, who have to find a space for them”.

Community storage facility

As a result, the airport is eyeing a community storage facility on underused land.

“The ideas we are working on are a combination of process change and infrastructure change, and we can do that in 2019 if not before,” says Mr Platts.

Not everyone is concerned with horseshoe congestion, however. Dnata City is off-airport – contributing, say RFS operators, to the fragmentation of the airport, but “one of the best decisions we ever made”, according to business development director Mohammed Akhlaq.

“Talking to everyone else underlines

Air Cargo UK? Community talk

Amsterdam has one, so do Brussels, Frankfurt and Zurich. The creation of a community such as Air Cargo Netherlands, a joined-up body representing all parts of the supply chain as well as government and Customs, has been attributed with success for their members and improvements in air cargo – they have pushed for CEIV certification, new technologies and supportive government policies

There has been little appetite for one in the UK, however – although there is certainty about who should lead that charge, if it was wanted. “Heathrow should be the facilitator,” was a common refrain.

But there has, for some reason, been resistance from the community – at least until now.

“When we encourage people to talk it’s better, but there has been an element of timidity, or fear of speaking out,” explains John Kwijuka, business development manager at Heathrow-based road feeder service Van Swieten Air Cargo. “That can hinder progress.

“I think we are antisocial: we talk, but we don’t connect. In Amsterdam people are willing to chat and progress through community events. That helps. It’s an airport that works for all.

“But here everything is very individualistic. When it comes to the running of the airport operations, we don’t talk, although it is in our interests to address common problems together.

“Maybe there has been no incentive to stand out and communicate better. So if the airport can moderate or conduct that, it would help transparency.”

Peter MacSwiney, chairman of customs clearance software company Agency Sector Management, agrees that the stakeholders have been too fragmented.

“We have the best inventory and community system (CCS UK) in the world, and have had since the 1990s. Unfortunately, this has not really brought the community together. Each sector gets on with its own business and blames each other for any shortcomings.”

But with the renewed focus on cargo at the airport, a community would help all parties find common ground and boost operations, according to several stakeholders.

EuroCargo’s Mr Holland adds: “An air cargo community is possible – and it was like this sometime in the past. I am sure there are many people who would help develop the future strategy, but first it takes a strong airport to push that forward and really show its intentions to become a world leader in cargo.”

Not everyone is convinced by the need for a community. “I think we already have an active community,” believes John Corr, tour principal for band and concert specialist forwarder Sound Moves. “BIFA has an open meeting every month that all Heathrow members are welcome to attend, with regular presence from Border Force and guest attendees on specific topics of interest. In turn, BIFA is present at Heathrow cargo meetings and the Airline Operators Committee for Cargo UK (AOC).

“I’m not clear how important our partner offices at airports around Europe view their cargo communities, and there are many myths about how efficient this has made them,” he adds.

Mr Platts says he is aware the airports are taking a leading role in communities and believes it is a good way forward.

Right now though, as Mr Keen notes, “the community is evolving, and that can only be a good thing.” He adds that Heathrow chief executive John Holland-Kaye has also been a benefit in this. “He is very inclusive, and tries to bring people together.”



the importance of what we’ve done. We have 90 vehicles operating a seamless service. But we are constantly looking to innovate.”

Dnata is about to undergo a pilot to test using electric vehicles to help the airport reduce emissions. But it is also looking at the concept of using pods,

currently used for passengers, to deliver freight to and from a common consolidated centre where it could serve all its airline customers.

“We could have one location for ULDs for consolidation and then something like pods to deliver them airside.”

Dnata has its own live animal centre, as well as a perishables centre, an idea that Heathrow has also flagged as a potential investment for a common-user cool store facility.

Ideas, in fact, are in abundance. Technology ranks high among them, and Heathrow says it is working with all

players to fully implement efreight, starting with a dedicated digital trade lane to Hong Kong.

Mr Platts has also been working with Ericsson, looking at setting up a “data backbone”. He says: “The industry is beset with legacy community systems which serve their local community well but don’t link globally. With shippers calling for greater visibility of shipments, I think the data backbone concept is the best way to do that whilst future-proofing for emerging technology.”

Then, of course, there is Brexit and the potential opportunities it might bring. Under EU rules, there can be no “free-ports”, but without them, Heathrow could have the opportunity to set up a special economic zone with reduced company taxes.

“Without doubt, any active programme that encourages trade with the UK is very important – it worked in the past in sea ports and I am sure that will encourage air freight growth,” says EuroCargo’s Stuart Holland.

But Mr Platts explains: “We don’t have any land for it. We are looking at lobbying the government to see if



It just needs the willingness of all the parties involved to work together

somewhere close to the airport could be considered part of a ‘free-port zone’. And we could look at setting up a commercial zone and light industrial manufacturing, or maybe a research and development centre. Then we could store the goods in the free-port and then send them on their way without any tax liability. It’s just an idea.”

Mr Platts and Segro are also looking at examples of successful airports all

over the world for other ideas to boost efficiencies for cargo at Heathrow.

For the first time in decades, this fragmented, land-restricted, expensive and under-invested airport – in cargo terms, anyway – looks set to act. It just needs willingness of all parties involved to co-operate and work together to boost the UK air freight product at one of the world’s biggest hubs.

Mr Platts and his enthusiasm seem like a good place to start.

Keeping the water of life flowing

Over 350 tonnes of whisky were exported by air through Heathrow over 12 months, valued at £14 million, keeping a wee dram warming the palates of connoisseurs worldwide.

Source: Seabury - Global Trade Database > UK Monthly (excludes EU27& Transhipments); Nov 2015 to Oct 2016 (incl.)

Heathrow
Cargo