

Qantas cancels plans for a 747 freight plane

By rebecca.byfield@aussieicon.com Rebecca Byfield | September 4, 2013

Weak international air-cargo market behind Qantas' decision to scrap new freighter aircraft

According to a Qantas spokesman, the airline confirms it has elected not to finalise a lease agreement for a Boeing 747-400ERF freighter aircraft for its global freight business due to the soft international air freight market.

This follows results from last week's financial figures, which showed a 20 percent drop in Qantas' freight profits to just \$36 million (pre-tax), reflecting an 11 percent fall in its international cargo capacity.

"Qantas Freight was intending to replace an older 747-400 freighter, which was operated by an external provider on Qantas' behalf, with the near-new aircraft," the spokesman says.

In a report released by peak airline body, International Air Transport Association (IATA), overall cargo demand in the Asia-Pacific region has dropped 1.4 percent compared to July 2012, despite encouraging growth in the European market.

IATA Director General and CEO Tony Tyler believes the deceleration of the Chinese economy, along with high oil prices, is having an effect on emerging Asian markets.

"It is premature to say that air cargo may be emerging from the doldrums of the past 18 months," Tyler says, adding demand for freight has been hit by the global financial crisis.

Tyler believes weakness in Asia-Pacific's freight markets and the deteriorating political situations in parts of the Middle East give ample reasons for continued caution.

Meanwhile, Deutsche Bank analysts warns the global air freight market remains bleak for the near future, particularly on big export lanes in Asia, due to an oversupply in capacity.

With a large portion of freight carried in the bellies of passenger jets, and more airlines expanding their fleets of large aircraft such as the A380s, this will continue to have an effect on an already oversupplied market.

“This change does not impact Qantas Freight’s current services,” says Qantas spokesman, adding its existing international freighter schedule will remain in place.

“The air freight industry is cyclical. Qantas will re-examine options when the markets have strengthened.”