

Volga-Dnepr Group finds its HUB-2 at Liege

▲ Charles Kauffman ■ July 19, 2018 ■ Aircraft, Asia, Capacity & Demand, Carriers, Features, News, Strategy

Earlier this week, when the Volga-Dnepr Group and its UK-based affiliate CargoLogicHolding inked a massive deal with Boeing for up to thirty-four widebody freighters – a letter of intent to purchase twenty-nine 777 freighters, and an order for five 747-8 freighters, we questioned where some of these aircraft might up. Yesterday, Volga-Dnepr Group and U.K.-based subsidiary CargoLogicAir signed an MoU with Liège Airport (LGG) to develop a regional cargo hub at the airport – indicating that at least some of the 777Fs will end up at Liège.



The Volga-Dnepr Group has found its HUB-2 in Europe.

As for the 747-8Fs, Volga-Dnepr's scheduled-service carrier, AirBridgeCargo already operates as many as thirteen weekly flights into and out of Liège. Over the next three-to-five years, Volga-Dnepr says its airlines will boost the number of cargo flights operated by its affiliate airlines to 30. To accommodate these additional flights, the group will add 23,000 square meters of warehousing, which, along with other investment at the airport, will boost the airport's annual throughput capacity by 300,000 tonnes.

There is no word yet on whether the 30 weekly flights will serve new destinations, or if the Group is merely planning to consolidate its existing operations in Western Europe by moving flights currently serving other airports in the region, to Liege. AirBridgeCargo's search for a second hub in Europe began earlier this year after the carrier lost ten slots at Amsterdam Airport Schiphol (AMS) due to capacity issues at the airport, and the resulting tightened slot control. In 2016, AirBridgeCargo was the largest all-cargo operator at Amsterdam, and the second-largest operator at Frankfurt (FRA) with more than 1,000 flights per-year at both airports, so there are plenty of flights that could be relocated.

Even if the Volga-Dnepr-affiliate airlines added thirty new flights at LGG, it would only require six or so freighters, so just where will the rest of the Group's twenty-nine 777Fs (assuming they are all delivered) end up, and what might they carry? Last month Sergey Lazarev, General Director, AirBridgeCargo, told our sister publication, *Air Cargo World*, that the airline would consider new hubs in Europe and Asia, and that growth would be driven primarily by e-commerce. "In the long-term perspective, following our ambitious plan for growth and expansion, we believe that we might need an additional hub in Asia or Europe, especially with the evolving demand from the e-commerce sector, and other special cargoes in these regions."

We note that Volga-Dnepr Group is not alone in doubling-down on its commitment to Liège. In May, Alibaba's Cainiao Smart Logistics Network announced plans to develop one of six "global hubs" in the Belgian City. Most of the other cities either chosen or under consideration to become a global hub (except Hangzhou and Kuala Lumpur), Hong Kong, Dubai, and Moscow, also happen to be destinations served by AirBridgeCargo. Just how much air freight capacity Alibaba will need to accommodate cross-border e-commerce deliveries, and the company's long-term strategy for executing those deliveries remain to be seen.

One thing that does seem more certain, is that following the recent string of widebody freighter orders from the world's major integrators, and now the Volga-Dnepr Group, concerns of an impending widebody capacity shortage seem less-likely.