

## **S'pore's first private cargo airline to start flying soon**

SINGAPORE'S first privately-owned cargo airline, Jett8 Airlines Cargo, has just received its air operator's licence and expects to take to the skies by the end of this month.

Jett8 is looking at initially flying from Singapore to regional countries and Europe, and later, the rapidly-growing Chinese and Indian markets.

'We have applied for the requisite permits and expect to operate our first flight within the next few weeks,' the airline's founder and head, Captain Louis Tan HK, a 38-year veteran of Singapore Airlines, said.

The airline took delivery of its first retrofitted B747-200 aircraft last week, and will receive four more similar aircraft within the next 12 months. Cpt Tan told BT the planes were purchased from Nippon Cargo Airlines (NCA) at 'very favourable' lease-and-buy terms.

NCA is a unit of shipping giant NYK Line, which is a substantial minority shareholder in Jett 8. Under Singapore rules, foreign entities can hold up to a 49 per cent stake in a Singapore-incorporated airline.

The other shareholders in the venture, led by Cpt Tan and his partners, hold 51 per cent through their holding company Galileo Holdings.

Among the major partners in Galileo are Pek Hock Thiam, the former chief executive officer of Sentosa Corporation and also former deputy permanent secretary in the Ministries of Communication and Foreign Affairs, and Ng Wee Hiong, who retired as deputy director-general of CAAS in early 2006.

Cpt Tan said the total investment in the venture would be some S\$70 million, and 'this would be done in tranches'.

Under the terms of NYK's investment in Jett8, the Singapore cargo carrier will 'not only fly routes to Europe and the Middle East, but also will work to create new routes to China, India, Russia, and areas throughout the Pacific in the near future'. Cpt Tan said Jett8 would soon apply for operating licenses in India, where it plans to fly to Mumbai, Chennai and Bangalore.

NCA will be the GSA partner for the new start-up, and will also support the cargo airline with joint sales and marketing, ground and engineering, and equipment and crew training support.

Cpt Tan said that the Japanese cargo carrier had already 'blocked booked' Jett8's

cargo capacity for the first year.

Jett8 has appointed Changi International Airport Services (CIAS) for cargo and ground handling in Singapore, and its aircraft will be maintained by Shenzhen-based Hong Kong Aircraft Engineering Company (HAECO).

Cpt Tan said his freighter airline would be in a position to chalk up a profit right from start-up. 'We should be profitable from the beginning, after amortisation of capital costs,' he said. 'But it will be a modest initial profit.'

Cpt Tan, who retired from SIA in 2004 at the age of 60, said that despite recent reports of softening growth in air cargo, the market remains robust in Asia.

'We are fortunate that Singapore is a hub to one of the fastest growing air cargo markets in the world,' he said. 'While growth is not as heady as it used to be, we are still seeing very strong double-digit outbound cargo growth from markets like China and India.'

In its latest report, the International Air Transport Association said that for the first four months of this year, international air freight growth fell significantly to 2.6 per cent. But Cpt Tan said this average was dragged down by the mature US and European markets.

'Outbound cargo from Asia is still very strong,' he said.

Jett8 has in place seven sets of pilots, and will adopt a 'performance-driven corporate approach, benchmarking best practices from other industries' in order to keep costs low. And Cpt Tan intends to be amongst the crew flying the planes after reactivating his pilot's licence.

Jett8 is Singapore's second cargo airline, and the eighth company here to obtain an AOC, after SIA, Silkair, SIA Cargo, Jetstar Asia, Valuair, Tiger Airways and Singapore Technologies group.