

DHL and Air Hong Kong extend their relationship with a new 15-year agreement

13-12-2017

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As part of the new commercial arrangements, DHL will sell its 40% stake in Air Hong Kong to majority-owner Cathay Pacific, and purchase eight of Air Hong Kong's A300-600F cargo planes which will then be leased back to the carrier. The new arrangement will provide a stable revenue stream to Air Hong Kong and a predictable cost base for DHL. The new agreement takes effect on 1 January 2019, replacing Air Hong Kong's current agreement with DHL when it expires.

The new agreement will initially provide DHL with the same service and access to Air Hong Kong's capacity as per the current agreement, but allows for greater growth and flexibility in aircraft deployment and route selection to support DHL's express services in the Asia Pacific region. Air Hong Kong remains an important partner in DHL's Asia Air Network that utilizes more than 800 daily flights to the United States, Europe and around the Asia Pacific region.

"Asia is expected to experience exponential trade growth and our renewed block space

agreement with Air Hong Kong forms a natural complement to DHL's broader growth strategy in Asia Pacific to meet continually strong market demand," said [Ken Allen](#), CEO, DHL Express. "Air Hong Kong has provided the backbone of our air express capabilities in Hong Kong for 15 years since 2002, and the latest agreement with Cathay Pacific will allow it to reach even greater heights as we consolidate its operations for maximal efficiency and availability."

Cathay Pacific Chief Executive Officer Rupert Hogg said: "Air Hong Kong is a joint venture between Cathay Pacific and DHL that has proven extremely valuable to both our businesses, and we expect it to yield even better results and operational agility in its newest iteration. With Air Hong Kong becoming a wholly-owned subsidiary of our group, and with the block space agreement in place, these will enable us to invest in the long-term success of Air Hong Kong, which benefits from the prospering express air cargo market in the region, and capture the abundant business opportunities that are prevalent."

"This new block space agreement reinforces the successful and longstanding collaboration between DHL Express and Air Hong Kong as we gear up for ongoing growth in Asia Pacific trade, guaranteeing capacity on many of our critical routes that use Hong Kong as a logistics hub," said Ken Lee, CEO, DHL

Express Asia Pacific. "With Hong Kong's merchandise exports between January and September 2017 growing by 8.5% compared to last year,¹ we're keenly aware of the upward momentum that the region's trade lanes are facing. Our renewed partnership with Air Hong Kong, combined with the new leaseback deal governing its fleet, gives us greater flexibility to add new routes and optimize our aircraft utilization in the face of unpredictable changes or sudden increases in demand."

DHL Express recently also announced the expansion of its Central Asia Hub in Hong Kong, a dedicated and purpose-built air express cargo facility at the Hong Kong International Airport which services over 800

flights daily. The expansion will add an additional 8,000sqm of space as well as new technologies including automated X-ray inspection machines and material handling systems. The Central Asia Hub has seen shipping volumes grow 12% year-on-year for the past decade and already handles more than 40% of all DHL shipments in Asia Pacific. When operating at its full capacity, the annual throughput of the expanded CAH is expected to go up by 50% to 1.06 million tonnes per annum. The expanded CAH will handle six times more in terms of shipment volume than when it was first established in 2004.

Source: [Deutsche Post DHL](#)