# Phoenix rising

Takao Kusakari (from left), chairman of Nippon Cargo Airlines, and Masahiko Okabe, chairman of NCA customer Nippon Express, listen as Yukio Kojima, Boeing regional director of Marketing–Asia/Pacific, explains features of a 747-400 Freighter being built at Boeing's Everett, Wash., factory. NCA has ordered 747-400Fs and 747-8Fs as part of its expansion plan.

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# Nippon Cargo Airlines' ambitious growth plan calls for new 747Fs

By Maribeth Bruno

Guests at the delivery ceremony for a new Nippon Cargo Airlines 747-400 Freighter examine the airplane's interior. 747-400Fs can carry a payload of 125 tons (113 tonnes); the 747-8 Freighter in production will be able to carry 148 tons (134 tonnes).

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Japanese business isn't what it used to be. Foreign CEOs, deregulation and merit-based promotion have turned conservative Japan Inc. into a marketplace where anything seems possible, even for the smaller players.

It was a sign of the times in July 2005 when All Nippon Airways sold its shares in joint venture Nippon Cargo Airlines to founding member NYK (Nippon Yusen Kaisha) Line, an ocean shipping company. ANA went on to form a joint venture with Japan Post as it pursues its own air cargo strategy.

NCA moved its headquarters to Tokyo's Narita Airport to be closer to its customers while starting work on the Phoenix Project, an expansion plan it introduced in May. Central to the plan is the purchase of several 747 Freighters.

NCA's purchase plan represents the latest step in Boeing's relationship with NCA—and illustrates how Boeing works to help its customers succeed. Not only is NCA involved in the design of the new 747-8 Freighter—it's one of this airplane's launch customers—but NCA's business model relies on Boeing employees and the services they and the company provide.

"We appreciate the friendliness and attentiveness of Boeing people all the way from top management through the field people," said Takuro Uchiyama, NCA president and CEO. "The assistance and support we receive is simply excellent—*daiichi*." (*Daiichi* is Japanese for "the first" or "foremost.")

NCA, Japan's only international all-cargo airline, has used the Boeing 747 since 1985, when it began operations with two 747-200Fs on Tokyo–San Francisco and Tokyo–New York routes. Its fleet now includes eight 747-200Fs and three -400Fs. In 2005, it carried 371,490 tons (337,010 tonnes) of freight to 19 cities over 61 flights per week.

International Air Transport Association statistics rank NCA the 16th-largest freight airline in the world on a freight-tonne kilometer basis, behind Japan Air Lines at No. 12. *Air Cargo World* magazine ranks JAL 11th, NCA 21st and ANA 28th for 2005.These airlines are battling one another and rivals outside Japan for a top spot in the increasingly robust air cargo market. Boeing's World Air Cargo Forecast 2006/2007 predicts air cargo markets linked to Asia will continue to lead other markets through 2025, with 8.6 percent per year growth in the intra-Asia market.

"NCA urgently needs to lower its cost structure to be able to compete more effectively in this market," Uchiyama said recently at the airline's Tokyo office. "World-leading freighter operators, such as Korean Air Cargo and Cargolux, have already replaced their older freighters with much more fuel-efficient -400Fs and -400ERFs. So we are now accelerating fleet modernization."

NCA and Luxembourg's Cargolux became launch customers of the 747-8 Freighter in November 2005, the same month in

## TALE OF THE TAPE: BOEING 747 FREIGHTERS

| | 747-8F | 747-400F | 747-200F |
|---|---|---|---|
| Maximum takeoff weight | 485 tons (440 tonnes) | 437.5 tons (397 tonnes) | 418 tons (379 tonnes) |
| Maximum range | 4,475 nautical miles (8,288 kilometers) | 4,450 n.m. (8,241 km) | 3,610 n.m. (6,686 km) |
| Typical cruise speed at 35,000 feet | 560 mph (901 km/h) | 560 mph (901 km/h) | 555 mph (893 km/h) |
| Payload | 148 tons (134 tonnes) | 125 tons (113 tonnes) | 121 tons (110 tonnes) |
| Main deck pallets, 96-by-125 inches (244-by-318 centimeters) each | 34 | 30 | 29 |
| Fuel/payload ton for Tokyo-Amsterdam route | 360 U.S. gallons (1,363 liters)/ payload ton | 466 U.S. gallons (1,764 liters)/ payload ton | 768 U.S. gallons (2,907 liters)/ payload ton * |
| Noise level at takeoff, at London Heathrow Airport | QC2** | QC4** | QC8** |

* Route includes a fuel stop in Anchorage, Alaska.

** An industry standard measurement for airplane noise—the lower the number, the quieter the airplane.


**Nippon Cargo Airlines' Takuro Uchiyama, president and CEO (from left); Minoru Nagakura, Flight Operations senior vice president; Minoru Asanuma, 747 pilot; Hiroyoshi Hayashi, Flight Operations Engineering manager; and Noriaki Iwanari, FOE assistant manager, took part in the September delivery ceremony for NCA's third 747-400 Freighter, shown here with its nose door open. The freighter was named *NCA Phoenix* in honor of the company's Phoenix Project expansion plan.**

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which NCA released a draft of the Phoenix Project. The plan calls for NCA to replace its 747-200Fs with 747-400Fs through 2009, when it will receive the first of the eight 747-8Fs it has on order. By 2011, Phase 2 of the plan, the company expects to be operating a fleet of 10 -400Fs and eight -8Fs, supplemented with space on other carriers' flights. From 2012 on, NCA intends to continue to add more 747-8Fs, depending on market conditions.

"NCA's purchase of the airplane gave credibility to the 747-8F as the superior freighter into the future," said Larry Dickenson, vice president of Sales, Boeing Commercial Airplanes.

Both the 747-400F and the new 747-8F—which applies many of the new technologies of the 787 Dreamliner—improve on the 747-200F's cargo volume, fuel efficiency, range and noise reduction (see chart on Page 39).

The new freighters will allow NCA to take advantage of expansions at two of Japan's major airports. Extension work on one of Narita's runways, expected to be complete in 2010, will allow traffic there to increase from 200,000 to 220,000 flights per year. A new runway at Tokyo's Haneda Airport will add 30,000 more takeoff and landing spots when it opens in 2009; NCA is in discussions with the airport to begin operations there. The 8,200-foot runways will be long enough for -400Fs and -8Fs with less than a full load of fuel to reach many destinations in Asia.

In addition to buying better freighters, "We have made major organizational changes to sales and traffic functions in order to make ourselves more responsive to market change," Uchiyama said. "We are also recruiting and training our own crews and maintenance engineers in order for NCA to become a self-sustained, independent airline."

ANA will continue to support NCA with flight- and maintenance-related services until 2009. NCA is a customer for Boeing Commercial Aviation Services' Maintenance Performance Toolbox, receives flight charts and dispatch services from Jeppesen, and uses Alteon for flight-crew and maintenance training.

"Since NCA is setting up operations almost from scratch and has no legacy systems or aging and underutilized facilities to hold it back, it can select the most efficient way of running the operations side of its business going forward," said BCA Asia-Pacific Sales Director Kevin Heise. "It is choosing Boeing products and services to fill many of its needs."

Heise added that Boeing and NCA are "working together" not only on the 747-8F's design but also on the airline's engineering and maintenance operations, flight operations and route analysis. "The relationship of our two companies has become much stronger through NCA's becoming a launch customer of the -8F," Uchiyama said.

In his May 2005 introduction to NCA's anniversary publication *Flying High: 20 Years of Progress,* Uchiyama underscored the issues facing his company: sharpening international competition, rising fuel prices, and frequent changes in the outside environment.

"Let's have a strong spirit willing to take risks and meet challenges," he wrote. The recent introduction into service of new 747-400Fs demonstrated that NCA was "at a major turning point."

Likewise, in 2006, "We can't wait to have our 747-8Fs," Uchiyama said. "With them in our fleet, we will be one of the most cost-competitive airlines in the world." ■

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