



OKAY AIRWAYS TO LAUNCH SINO-AMERICAN AIR CARGO JV IN MID 2016

News / Airlines



China's Okay Airways (BK), together with U.S. based lessor and transport provider ATSG West Ltd, online discount retailer Vipshop and other two partners announced to jointly establish a new express air cargo airline in Tianjin during the 4th Annual China Air Finance Development Summit on September 24, 2015.

The new airline, United Star International Express Airlines, will be launched next year that will initially provide services for the growing e-commerce industry within China but has global ambitions. Initially, United Star will operate within China and nearby Asian countries, providing "third-party express and charter aircraft services to domestic and international express companies."

Okay Airlines President Liu Zonghui, ATSG CEO Joseph HETE, Vipshop Senior VP Tang Yizhi, Tianjin Dongjiang Investment Company Chairman Ma Entong, and Bridgewater Developments Ltd. Chairman Lang Saiqiang signed the JV agreement on behalf of each party, witnessed by guests and other parties.

The new entity, registered in Tianjin's free trade zone (Dongjiang Free Trade Port Zone), with

registered capital of 400 million yuan (US\$63 million), plans to commence flight operations in mid-2016, pending government approval.

Okay Airways Chairman Wang Shusheng will be the joint venture's chairman, vice chairman will be Richard Corrado, who is chief commercial officer of ATSG parent Air Transport Services Group and president of its aircraft leasing subsidiary Cargo Aircraft Management.

For the first year of operations the new airline will operate six small and midsize freighter aircraft including Boeing 737, 757 and 767 aircraft, to provide safe, high quality, reliable domestic and international air cargo services.

From 2010 through 2014, the express market has been growing at an average of 30% per year. "The growth rate of China's e-commerce markets exceeds that of the air express market," the partners said in a statement.

Express air services in China now rely mostly on excess capacity in the belly of passenger aircraft. Fewer than 120 all-cargo freighters operate within China, and only a small portion of those serve express markets.

The growth rate of China's e-commerce markets exceeds that of the air express market. Therefore, United Star Express will provide third-party express and charter aircraft services that cover the country and surrounding Asia regions to domestic and international express companies.

Looking ahead, the JV partners said the new company will gradually add "medium- and long-distance cross-border express and cargo charter services that cover Europe and the America regions."

United Star Express will be a new company that possesses its own airline operating certificate and will operate independently in accordance with international standards, with its own independent airline insignia, fleet, routes and organization.

Headquartered in Beijing, Okay Airways is China's first private-sector airline and operates more than 100 domestic and international routes from its bases in Tianjin Binhai International Airport and Changsha Huanghua International Airport; while ATSG West is a leading provider of aircraft leasing and air cargo transportation and related services to domestic and foreign air carriers and other companies that outsource their air cargo lift requirements. Vipshop (China) Limited headquartered in Guangzhou, is a leading online discount retailer for brands in China.

26 SEPTEMBER 2015

SOURCE: WCARN

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