



SPACE CONSTRAINTS:

Air charter

It has been a tumultuous 12 months for brokers and there's no end in sight
Pages 12-14



BIG AMBITIONS:

Russi Batliwala

Chapman Freeborn's new chairman outlines the firm's growth strategy
Pages 10-11

CAPACITY

Covid and box shipping delays drive up demand

It was a busy end to the year for the air cargo industry and expectations are for another tight capacity situation in the coming 12 months.

As the year drew to a close, there was supply chain chaos in the UK as a new Covid-19 variant was detected and France closed its borders for 48 hours while stricter testing measures for truck drivers were put in place.

Further delays at UK borders are expected over the first few weeks of January as supply chains adjust to new customs formalities owing to the country leaving the European Union, although at the time of writing operations seemed to be running smoothly.

Also, shipping continued to face container shortages and port congestion in many countries, resulting in extra air cargo charters.

Charter broker Air Charter Service's (ACS) commercial director, Justin Lancaster, said that the end of the year had seen an unprecedented number of enquiries, with phones "ringing off the hook", largely as a result of the French border closures.



Lufthansa Cargo added UK freighter flights in response to border delays

The issues on the UK border also led Air France KLM to add extra bellyhold flights to the UK market, while Lufthansa Cargo put on freighter flights.

Meanwhile, brokers ACS and Chapman Freeborn, and time-critical logistics firm Priority Freight secured dedicated freighter capacity in preparation for issues on the UK border as a result of Brexit.

On top of this, cargo capacity remains limited owing to the reduction of bellyhold operations and

Covid-19 vaccination programme supply chains are gaining momentum.

IATA is expecting cargo demand to increase by 12.9% year on year in 2021, while belly capacity is expected to return to the market only slowly. This, combined with a higher proportion of pharma cargo, will see a further 5% increase in yields, IATA predicted.

In 2020, average rates for Hong Kong to North America were up 55.1% year on year and from Hong Kong to Europe, prices increased 46.2% on 2019.

AWARDS

ACN Awards 2021 date announced

Air Cargo News is delighted to announce that the Air Cargo News Awards will this year take place in September.

The gala ceremony is scheduled to take place in London on September 16 at the Runnymede on Thames Hotel, close to Heathrow Airport.

The ceremony typically sees about 250 industry figures attend the glittering awards event to honour and celebrate those companies that have invested in providing great customer service, operational excellence and innovative technologies.

The event includes the prestigious Cargo Airline of the Year Award, along with the regional cargo carrier awards, which are voted for by readers of *Air Cargo News*.

There are also awards that are judged by a panel of industry experts.

In 2020, the Air Cargo News Awards was live-streamed online.

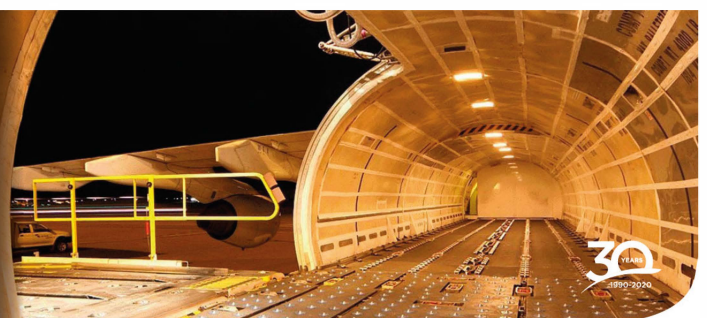
This marked the first time in the awards' 37-year history that the industry wasn't able to meet face to face, but more than 500 people have now watched the ceremony online.

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Exclusive post-Brexit capacity secured

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SAF FLIGHT FOR ATLAS:

In December, cargo carrier Atlas Air Worldwide completed a test flight from Europe to Latin America using sustainable aviation fuel (SAF) sourced from fresh vegetable oil. A B747-400F flew using a fuel mixture that included 2.3% SAF.

VACCINE SERVICE:

Lufthansa Cargo has launched a new service specifically designed for the transportation of Covid-19 vaccines. The product is called Covid-19 Temp Premium and will be bookable as of January 11.

HEATHROW PLANS BACK ON:

Heathrow Airport can progress plans for a third runway, after the UK's Supreme Court ruled in the favour of developers. Previously, the Court of Appeal had ruled that the development did not meet climate targets.

MEXICO MOVE:

In December, logistics firm the Rhenus Group expanded its Americas air and ocean division to include Mexico City. The new branch will offer cross-border services to facilitate trade between the US and Mexico.

PORTAL EXPANSION:

Online air cargo booking platform cargo.one recently raised \$42m in funding as it looks to expand in North America. Other plans include investment in dynamic pricing, route planning and forecasting.

VOLGA-DNEPR

AN-124 back in the sky

Volga-Dnepr has reintroduced its first AN-124 back into service, after the carrier took the decision to temporarily ground its fleet of the aircraft as a safety precaution.

In late December the Russian airline said the first of its 12 AN-124s was back in action following the completion of technical checks and the execution of service directives.

The return of the remaining aircraft will be incremental.

Volga-Dnepr Group chief commercial officer Konstantin Vekshin said: "We are in the process of diligent execution of the service directives; the technical checks are on the right track. As expected, our first AN-124-100 is back in the air again.

"The ultimate return will be incremental and we will still take our time to follow the guidelines reflected in the service directives."

The company will be discussing the return to service and availability of its AN-124 aircraft with customers individually, but will also keep the market informed.



According to Flight Radar 24, RA-82077 has conducted three flights since December 26: Leipzig-Shanghai, Shanghai-Moscow and Moscow-Riga.

The Volga-Dnepr Group took the decision to ground its 12 AN-124s in November after one of its aircraft was forced to make an emergency landing at Tolmachevo Airport in Novosibirsk, Russia, on November 13 owing to an uncontained engine fan disk failure.

The incident did not result in any loss of life.

Following the incident, the carrier said its AN-124 fleet would remain

grounded until an investigation by the Russian Federal Agency for Air Transport had been completed.

Commenting on the incident at the time, the carrier said: "On November 13, 2020, soon after take-off, the airplane suffered the uncontained engine fan disk failure of series D-18T, which resulted in engine failure and the loss of control systems.

"Carrying 84 tonnes of cargo with full fuel tanks, suffering engine failure and loss of control elements, the crew managed to avert the disaster, make a 180-degree landing."

FREIGHTERS

Qatar adds a trio of B777Fs to its fleet

Qatar Airways Cargo kicked off the year with the delivery of three Boeing B777 freighters.

Qatar Airways Cargo now operates 24 of this aircraft model — with two more on order — along with two B747-8Fs as it continues to expand its all-cargo capacity.

The delivery comes as Covid-19 vaccination programmes around the world get under way, which is expected to put extra pressure on an already tight market.

Qatar Airways Group chief executive Akbar Al Baker said: "With the arrival of these new freighters, we are

injecting more capacity into the market, which is very much required during the pandemic.

"The added capacity will also enable us to support logistics around the Covid-19 vaccination, which is projected to be one of the greatest logistical challenges for the industry."

EDITOR'S COMMENT

Damian Brett

It can only get better

Well, what an end to the year that was. Just as we were ready to start winding down for the festive break, the shutters went up on the UK-France border — creating supply-chain chaos.

On top of that, there were preparations for the UK leaving the European Union, container port congestion, the temporary loss of Volga-Dnepr's AN-124s and the start of vaccine distribution operations.

But while there is no doubt

that 2021 is going to be another tough year, there are reasons to be cheerful.

Based on air cargo demand projections, at least, it seems like 2021 will be an improvement on last year.

IATA is certainly expecting things to pick up. It is predicting that cargo volumes will increase by about 12% this year to bring demand back in line with 2019 levels.

And with passenger services

likely to come back online only slowly over the next few years, belly capacity is sure to remain constrained, which should support further increases in cargo revenues.

IATA has also projected that the continued capacity crunch, combined with a higher proportion of time- and temperature-sensitive cargo, will see a further 5% increase in yields.

While all this bodes well for the all-cargo sector, it should be remembered that many cargo businesses are reliant on the performance of the passenger

side of aviation — and they are likely to face another tough 12 months.

But to end on a positive note, if projections prove to be correct, 2021 will be a better year for aviation and air cargo than last year and those that are dedicated to the cargo sector should hopefully enjoy another bumper — if busy — year.

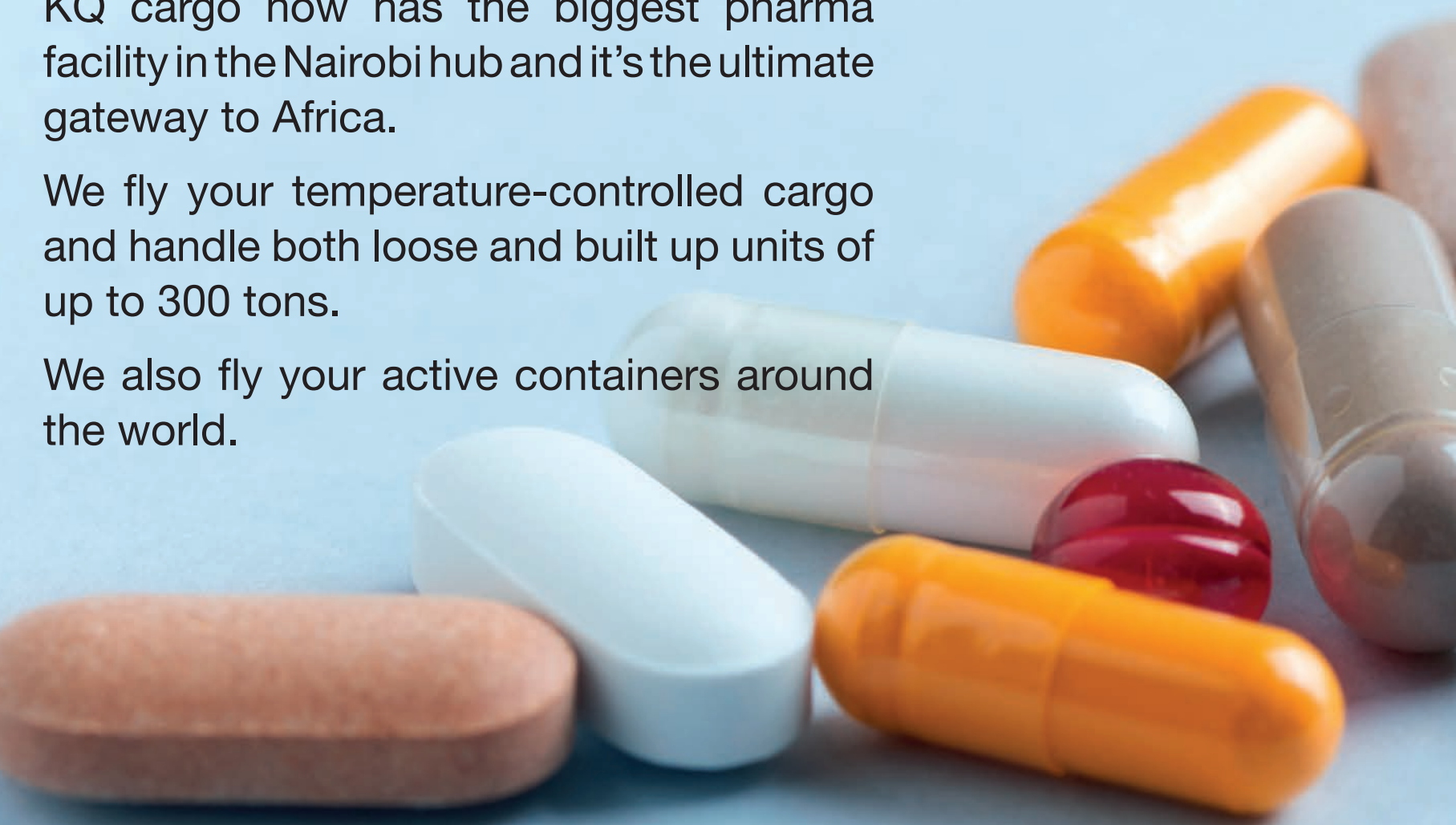
Finally, the *Air Cargo News* team would like to take this opportunity to wish all our readers a happy and prosperous 2021. After the last 12 months, I think you all deserve it.

KQ Pharma

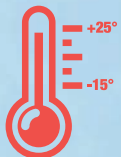
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Liege passes million mark

Liege Airport has handled 1m tonnes of cargo in a year for the first time.

The milestone was reached when an AirBridgeCargo flight, chartered by Chinese company HongYuan, touched down at the airport in December.

Cargo on the flight — including the millionth tonne — was processed by WFS and Belgium Airport Services.

Liege Airport noted that, since 1996, its strategy has been focused on full-cargo operations.

“In 1996, we had transported just under 8,000 tonnes,” said Luc Partoune, chief executive of Liege Airport. “The figure of 1m tonnes shows how far we have come since then, with an almost equal distribution between import and export. This is the result of the work of our entire cargo community and I would like to thank and congratulate our staff and all our partners once again.”

ACQUISITIONS

Forwarders look to grow in Africa with acquisitions

Freight forwarders DSV Panalpina and CEVA have expanded their presence in Africa through investments and acquisitions.

DSV Panalpina is acquiring Globeflight Worldwide Express, a South Africa-based courier company.

As part of the acquisition, expected to close in March, the forwarder will take over Globeflight's operations in South Africa and Swaziland.

When the deal is complete, Globeflight customers will have access to services offered by DSV's divisions in South Africa — Air & Sea, Road and Solutions — all of which will be moving to the flagship DSV Park Gauteng near OR Tambo International Airport in South Africa.

DSV said the transaction is consistent with its global strategy of growth through acquisitions. Keith Pienaar, chief executive of DSV South Africa, is “very content” with the capabilities that the acquisition will bring.

“This transaction will strengthen DSV's presence in the express and small parcels sector,” said Pienaar.



Merger gives Globeflight access to services from DSV's South African divisions

“DSV's courier business typically centres on larger clients, while Globeflight's strength is in the express and small parcels sector, with a particular emphasis in the critical small parcels B2B market.”

Globeflight has a fleet of 420 vehicles and it serves more than 8,000 clients, delivering items such as educational supplies, IT and medical equipment.

Meanwhile, CEVA Logistics has invested in two companies. In Egypt, the forwarder has taken a majority

stake in IBA Freight Services, its exclusive partner for the past 20 years.

And in Ethiopia, the company has taken a minority stake in MACCFA, a long-standing forwarder headquartered in Addis Ababa.

“Through the new joint ventures, both entities will be able to expand their product base, which will help enhance the use of their local logistics services across our network,” the forwarder said. The deals follow CEVA's acquisition of a majority stake in AMI Worldwide last summer.

PUTZGER PERSPECTIVE

Ian Putzger



Rethinking the rules of competition

In the shockwaves of the Covid-19 pandemic there has been no shortage of buzzwords, from ‘freighters’ and disruption to supply chain resilience and risk management.

Listening to some industry events, it seemed almost a miracle that people still found time to do their regular work.

Most folks' jobs have changed in some way or other. Some of these changes — like loading PPE in passenger cabins — are temporary; others will be permanent.

There is no turning back on digitisation, and strategic decisions will be overshadowed by the need for safeguards against disruption.

One of the changes that the pandemic has reinforced

(in some cases, brought about altogether) is the greater need for collaboration, which has been another of the buzzwords in many industry debates in recent months.

First and foremost this is viewed in terms of forging closer ties with partners up and down supply chains, but there is also a horizontal dimension that brings competitors together.

A perfect illustration of this has been the co-operation shown by handling companies.

Faced with almost total collapse of volumes in some stations, while others were bursting at the seams, it made perfect sense to let a competitor short of capacity utilise some of their underused

facilities or to take space in a competitor's warehouses at airports where their own buildings were overflowing.

The idea of sharing resources is not new, but it is gaining ground.

Retailers are coming to the realisation that it does not make sense for them to have their own delivery networks running half-full vehicles.

Fashion brands are turning away from the idea that third-party manufacturing facilities are a competitive factor and increasingly view them as a commodity that can be shared among competitors for mutual benefit.

Fashion juggernaut H&M turned heads this past year with the launch of Treadler,

a B2B initiative that gives other companies access to its global supply chain and even offers assistance with product development.

At a TIACA webinar in December, Denis Choumert, chairman of the European Shippers' Council, stressed the need to improve trust between partners and transparency as two key priorities for the industry in 2021.

His comments were echoed by Fiata director general Stephane Graber at the same event. “Trust is key and for me digitisation is the key to build this trust,” he said.

An industry that prides itself on being a people business shouldn't find it too difficult to make headway there.

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FORWARDERS

Consumer demand and state help drive recovery

The global freight forwarding market is expected to rebound in the years ahead, according to industry analyst Transport Intelligence (Ti).

With promising developments with regard to a Covid-19 vaccine, the International Monetary Fund (IMF) has revised upwards its outlook for 2021, predicting that global trade will reach pre-Covid levels.

While service expenditure was badly hit last year, consumer demand has remained strong — unlike the previous global recession in 2009.

State support schemes have helped limit unemployment rates by keeping consumer spending reasonably solid.

Therefore, Ti believes that the underlying GDP and trade growth dynamics bode well for a swift recovery in the freight forwarding sector.

“From 2010-2019, trade grew 1.1 times faster than GDP. In previous decades, this multiple had been higher, but the globalisation trend has since slowed. Over 2021-2024, the IMF expects this multiplier to be 1.2, buoyed by a strong recovery in trade in 2021,” said Ti.

Ti said that twice over the past decade, the airfreight market has been boosted by inventory restocking cycles. These are characterised by a rapid acceleration in new export order



Industrial and automotive goods will boost both ocean and airfreight forwarding

growth, coming about at times when the global economy and trade are growing quickly.

However, given the constraints in capacity, airfreight is unlikely to see such a sharp boost this year.

On the other hand, Ti expects both ocean and airfreight forwarding to see a strong increase from the industrial and automotive sectors in 2021.

Automotive sales were down approximately 25-30% for the first half of 2020 but rebounded to about 17% down for the full year.

With the roll-out of a number of vaccines under way, volumes moved by air are likely to increase.

In September, IATA estimated

providing a single dose to 7.8bn people would fill 8,000 B747 cargo aircraft. Though other modes such as road and rail may be used regionally, sufficient airfreight capacity is essential for a global roll-out, Ti said.

Ultimately, Ti forecasts that the airfreight forwarding market will grow at a compound annual growth rate of 5.6% over 2020-2024.

However, with swathes of the passenger aircraft fleet grounded, there continues to be a lack of cargo bellyhold capacity.

This lack of capacity has pushed shippers towards other modal options and could yet constrain the ability for airfreight volumes to bounce back.

CONVERSIONS

ASL collects first B737-800 freighter type

ASL Airlines has taken delivery of its first B737-800 Boeing Converted Freighter (BCF) as part of an order for 10 of the aircraft.

The B737 (F-HIQB) entered service for ASL Airlines France and is the first of 10 Boeing converted freighters announced by Boeing and ASL Aviation Holdings at the last Paris Air Show. It was converted by the Shandong Taikoo Aircraft Engineering Company (STAECO) in Jinan, China.

Previously operated by Turkish airline Pegasus, the aircraft arrived in Jinan on July 15 2020 for conversion and standardisation.

It will be based at Paris-CDG and has a capacity of 178 cu m with 11 and a half positions on the upper deck and a range of 3,250 nautical miles. It joins the ASL Airlines fleet of 19 B737 aircraft including -400, -700 and -800 variants.

Conversion work has already started in Jinan on aircraft two and three in the programme, and aircraft four has arrived at the Shandong facility. In addition to the 10 firm orders, ASL also holds another 10 options for the Boeing converted aircraft.

The aviation group already operates the B737-800BCF at its Ireland and Belgium subsidiaries, although these are leased rather than directly owned.

LOGISTICS

Kuehne+Nagel puts new focus on conversions

Freight forwarder Kuehne+Nagel is targeting the growing passenger-to-freighter conversion market with a new logistics operation catering for the sector.

The company said that it developed an end-to-end logistics solution to support the passenger-to-freighter market in line with “changed cargo market requirements and a significant amount of unused passenger equipment due to the Covid-19 pandemic”.

The forwarder said that the modification of aircraft, such as the installation of the maindeck cargo door, removal of all passenger amenities, installation of floor grid and freighter floor panels for increased weights and many other modifications, require the transport and management of a massive amount of structural items.

AIRLINES

IAFC part two drives Air New Zealand expansion

Air New Zealand will expand its international air cargo operations following the launch of the second phase of a government supply chain support scheme.

The airline will operate around 55 international flights per week, after the government announced phase two of the International Air Freight Capacity (IAFC) Scheme, which aims to maintain air cargo supply chain connectivity in light of reduced passenger operations.

Air New Zealand general manager cargo Anna Palairt says this is great news not only for the airline but also for importers and exporters wanting to get their products to key markets around the world.

“It’s great to see the extension of the IAFC scheme as it provides much-needed support and stability to New Zealand importers and exporters,” she said.

“Our flying schedule remains largely the same and it’s exciting to see new services to Guangzhou and Perth, as well as some enhancements to the ongoing schedule to improve the connectivity for the South Island Exporters.”

The carrier said that during the Christmas period it transported more than 1,000 tonnes of lamb to the UK and also expects to move more than 3,500 tonnes of stone fruit around the globe, with a majority moving into China for the Chinese New Year.

In September 2020, the New Zealand government agreed to extend the IAFC scheme until the end of March 2021 in order to support supply chains.

It ran a second request for proposals process, recognising that the first procurement round was done at a challenging time for the aviation sector and delivered to accelerated time frames.

New IAFC contracts took effect at the end of November 2020.

Since Air New Zealand started flying under the IAFC scheme in May, it has operated more than 1,100 return flights, carrying more than 39,000 tonnes of cargo in and out of New Zealand.

PHARMA

Vaccination programmes prompt wave of activity

Air cargo Covid-19 vaccine supply chains swung into action as last year drew to a close.

The much anticipated launch of vaccination programmes saw a wave of forwarder and carrier announcements on the start of operations.

In the US, FedEx, UPS, American Airlines Cargo, Delta Air Lines Cargo and United Cargo all reported that they had carried vaccine shipments.

In Europe, Kuehne+Nagel, Schiphol, Air France KLM and DHL were amongst those announcing that they had handled the vaccine. Emirates SkyCargo transported the vaccine to UAE.

Meanwhile, a survey of the air cargo industry revealed a growing confidence in the sector's ability to deliver the vaccine.

The latest Tiaca and Pharma.Aero project Sunrays survey showed that 46% of air cargo industry stakeholders now feel well prepared for the transportation of Covid-19 vaccines — a "significant increase" from the 28% in September.



The air cargo industry is delivering 'the world's largest ever product launch'

Although the improvement is seen across the whole industry, ground handlers, who were the least prepared in September, reported the strongest jump in preparedness.

Nathan De Valck, chairman of Pharma.Aero's board of directors and member of the Sunrays project, said: "The industry has clearly stepped up its efforts to get ready for the largest logistics effort ever seen."

"It is very encouraging to see that the majority of our industry has established working relationships with

vaccine manufacturers, put dedicated teams in place and is collaborating with supply chain partners to handle the logistics of Covid-19 vaccines."

Emir Pineda, member of Tiaca's board of directors, said that although the air cargo industry had scaled up its capabilities, collaboration and readiness, there were still many unknowns, adding: "As new vaccine requirements, purchase deals and regulatory approvals are announced, air cargo needs to work hand-in-hand to be agile enough to deliver vaccines safely at scale."

EXPRESS

FedEx takes on first ATR72-600 freighter

The first turboprop ATR72-600 production freighter has been delivered to express carrier FedEx as part of the company's fleet renewal programme.

The feeder aircraft, which is based on the passenger model, took three years to develop and launch and offers approximately nine tonnes of capacity, or 75 cu metres of space.

It is ATR's first purpose-built regional freighter.

The aircraft is part of a 2017 deal for a firm order for 30 of the turbo-prop freighter.

A further six or seven of the freighters are to be delivered during the coming year with the remainder over the next five years.

FedEx also has options on a further 20 ATR-600Fs.

Scott Struminger, FedEx Express executive vice-president and chief executive, aviation, said that one of the main benefits of the aircraft is its large cargo door, which allows freight to be loaded on pallets, ULDs or as loose cargo.

SHIPPER SPOTLIGHT

Zoe McLernon



Four priorities for the UK government in 2021

From reaching the end of the Brexit transition period to the unparalleled changes brought forward by the Covid-19 pandemic, 2020 was a year full of challenges, but at each trial, the air cargo industry stepped up to deliver for the nation. In 2021, I expect to see the same resilience and resourcefulness.

To best support the aviation industry this year, Logistics UK has identified four key priorities government must focus on: making a success of the exit from the European Union (EU), assisting with the operational and economic recovery from the pandemic, supporting night flying, and developing evidence-based sustainable practices.

The aviation sector will be

one of the slowest transport modes to recover from the pandemic; as such, we need to see the government develop a comprehensive recovery plan.

And, as the industry prepares to transport a Covid-19 vaccine to a potential 7.8bn people around the world, the government must ensure it has undertaken vital preparations for vaccine movements, so the process is ready to go as soon as a vaccine is made available for mass distribution.

As the industry prepares to transport it, night services will be vital. In December, the government launched a consultation on a proposal to maintain existing night flight restrictions for the designated airports — Heathrow, Gatwick

and Stansted — from 2022 to 2024. It is also seeking early views on future night flight policy nationally beyond 2024.

Logistics UK is working closely with the Airport Operators Association (AOA), Airlines UK, and others to source evidence to support continued night flights.

Sustainable operations are of the utmost importance to the logistics sector; this year, we will be working with industry and government to ensure any environmental initiatives are evidence-based and balanced with the challenges of the pandemic and EU exit.

These include research for alternative green technologies, noise and working towards a path to net zero.

The supply chain continuity provided by the air cargo industry in 2020 has been an important asset to the UK; and whether or not the UK and EU have reached a Free Trade Agreement, it is vital that supply chains remain as frictionless as possible for both business and the wider public.

Logistics UK is looking forward to working with members, government, and the wider industry to help rebuild the sector, embrace new opportunities for international trade and decarbonisation, and ensure the safe and effective transport of the Covid-19 vaccine across the globe.

Zoe McLernon, policy manager of multimodal, Logistics UK

Worldwide ambitions

New ownership and a reshuffled management team have put aircraft charter broker Chapman Freeborn on a quest to seek further growth, as the company's chairman tells **Rachelle Harry**

Since its establishment in 1973, Chapman Freeborn has developed into one of the largest and best-known aircraft charter brokers.

The UK-headquartered company was originally set up to market Alaska International Air's Hercules freighter fleet, which comprised five aircraft at the time.

Today, Chapman Freeborn operates on a global scale — with offices in North America, Europe, Africa, Asia and Australia — and carries out around 25,000 flights each year for airfreight, passenger and humanitarian operations.

In 2019, the group and its subsidiaries were acquired by aerospace firm Avia Solutions Group (ASG). Russi Batliwala, the company's chairman, says it was “the perfect fit for us”.

Having worked at Chapman Freeborn for 33 years, Batliwala has witnessed some of the company's most significant milestones, particularly during his time as chief executive, from 2009, when he oversaw “an exciting period of growth and expansion”.

Branching out

“We realised that our core third party air charter broking activities alone were not enough for our clients, our own growth expectations and for our future financial stability,” he explains. “At the same time, the competition was growing.”

The solution? “In order to better control our future, we took the decision to diversify the business and to invest.”

For example, in 2006, Chapman Freeborn Germany launched its specialist on-board courier (OBC) service, which offers door-to-door solutions for time-critical shipments.

“We were the first of now many to start an OBC business,” says Batliwala. “It fits perfectly, with total synergy, to our cargo charter business.”

Now, Chapman Freeborn OBC operates as a global business from its offices in Cologne, Hong Kong and Los Angeles.

Under Batliwala's leadership, Chapman Freeborn has since acquired other companies that all have “strong synergies” with the core air chartering business.

For example, the company has held shares in Magma Aviation, which manages and contracts a growing fleet of B747 freighters, since its establishment in 2010. In 2017, Chapman Freeborn increased its stake in Magma Aviation to become the majority shareholder and help support its long-term growth plans.

Chapman also acquired the majority of shares in animal transportation specialist firm Intradco Global in 2014, allowing it to “expand our product portfolio further”.

Most recently, in 2020, the broker acquired Arcus Air Logistics and Arcus Air OBC, which offer air cargo charter and on-board courier services primarily to the automotive industry, and also owns and operates two Dornier 228-212 aircraft, as well as “chartering a variety of additional aircraft”.

Additionally, the company has significantly increased its humanitarian project presence since its work in Ethiopia in the 1970-80s — so much so that in October Daniel Carriett took up the newly created role of group humanitarian cargo director to manage the company's response to global crises, including the Covid-19 pandemic.

Batliwala notes that leading the expansion of the company was not easy and he credits his team for making the changes possible.

“It was a tremendous amount of hard work that I most certainly was not able to do on my own,” he says. “I have been fortunate enough to have had some very talented

people working with me.

“We have not only grown our senior management team organically but also employed some exceptional external group directors who have made a great impact on the business.”

Batliwala says that his most significant achievement as chief executive was leading the sale of Chapman Freeborn Group to ASG in 2019.

“Joining forces with Avia Solutions Group has provided us with a greater level of business scale, resources and expertise to accelerate growth and deliver our services to an even wider client base — all while preserving our company culture and ongoing commitment to charter market innovation,” he says.

“We are today a much stronger organisation, with a parent company that is continuously looking at ways to invest and grow the business.”

New lead

Batliwala is now chairman of Chapman Freeborn, having been appointed to the role in October.

He welcomes his new position because “every business at some stage needs change at the top to keep energising, to create new ideas and to continue developing.”

“I am extremely proud to be the chairman and looking forward to the company's future,” he says.

Eric Erbacher, former director of charter services and ACMI at Cargolux Airlines and former regional director Asia at Chapman Freeborn, has rejoined the company to succeed Batliwala as chief executive.

Although Batliwala will be very much involved in the business in his role of chairman, he says the move will enable him to take a step back and have more oversight than when he was chief executive.

“I have been heavily involved in the day-to-day business of the group for all these years, particularly in the

View from the top: company chairman and former chief executive Russi Batliwala has worked at Chapman Freeborn for 33 years



cargo charter business,” he says. “The role of chairman will enable me to take a step back from the daily brokerage and allow me to concentrate on developing the group at a higher level.”

“It will allow me to look at the business from another perspective and give me the time needed to concentrate on acquisitions, organic growth and other key areas that I really enjoy focusing on outside of our day-to-day charter work.”

“I have a clear mandate from our owners to grow the business organically and through acquisitions.”

“We are talking to various companies that match our group's own niche businesses. However, owing to the ongoing nature of the negotiations, and non-disclosure agreements, I am unable to share more details.”

He continues: “What I can say



is that we are actively looking to acquire complementary businesses to strengthen and to grow both parties. There is, I believe, an opportunity and need to consolidate certain specialised businesses on a global scale.”

Despite taking a step back, Batliwala says he will be on hand to help Erbacher, the company’s directors and managers to achieve the group’s goals.

“Our new owners are very much growth-focused and additional acquisitions are part of our plans,” he explains. “We are also currently investing in strengthening our operations in North America and we are actively recruiting.”

Batliwala adds that, in addition to North America, the company is shifting its focus towards growth in Asia.

“With the return of Erbacher to the group as chief executive, we have someone with years of experience, knowledge and understanding of the culture and charter business in Asia,” Batliwala explains.

“He spent several years working in China previously and has taken on the opportunity himself to continue to grow and strengthen this important region for the group. With his experience [as former regional director Asia at Chapman Freeborn], we have the right person in place to move the business forward in this important region.”

In addition, Batliwala says, Magma Aviation’s growing fleet of B747 freighters — as well as capacity from B737Fs and Airbus A321Fs from elsewhere in ASG — has opened up many new opportunities for Chapman Freeborn to do business in Asia.

“For example, we are now able to offer and provide solutions not only for long-haul maindeck capacity into Europe, we can also connect to our group’s Europe-based narrowbody freighters to do the last mile of flying to destinations in Europe,” he says.

Reflection

Now in his current and most senior role, Batliwala takes a moment to reflect on his 33-year journey at Chapman Freeborn.

He joined as a trainee in 1987 in Frankfurt, after responding to “a very small ad in a big newspaper that said: Aviation company needs a pair of hands to help”, he recalls.

Chapman Freeborn Germany had opened just six years before, in 1981.

“I worked in a small office with a team of just three people. In 1990 I was made managing director and started to help grow the German business.”

The mid-1990s saw Chapman Freeborn expanding to establish a presence in Belgium, Poland, Singapore, United Arab Emirates (UAE) — and the US, which Batliwala was involved in.

“At the time, I needed a change,” he says, recalling the opportunity he was given to help the company grow across the pond.

“I arrived in Atlanta in 1995 with a suitcase and two plastic bags with various trade books and magazines. After six months in a serviced office, myself and the first US members of staff moved to our own offices at Hartsfield Airport in Atlanta.”

He proudly notes that today Chapman Freeborn also has bases in Fort Lauderdale, Los Angeles and will soon open a branch in the northeast region of the US.

Batliwala’s next key role, in 1996, was back in Germany, where he was made group cargo director.

In 1999, he set up an office in Sharjah in the UAE. He says it has been “an incredible asset to the group ever since”.

He adds: “At one point in 2006 we had in excess of 100 employees, warehousing and a second office in Dubai, operating more than 40 scheduled charters in the Middle East region for major clients, every week.”

Fast-forward to 2017: Batliwala celebrated his 30-year anniversary at a “tear-jerking” party thrown by his colleagues.

The event, he says, was held inside an open-nosed B747 freighter — complete with food, drinks and

a sticker on the fuselage that read: Russi, Happy 30 Years With Chapman Freeborn.

Looking at the effects of the pandemic on the air charter sector, Batliwala says that despite it being a negative situation overall, it brought huge opportunities to an industry that was “suffering”.

He explains that before the pandemic, the air charter sector was competing against bellyhold capacity.

“Huge amounts of scheduled passenger aircraft belly capacity was available and the freighter air charter industry was fighting for opportunities,” he says.

He hopes that, even as passenger services gradually return, forwarders will continue to push capacity on air charters, rather than reverting to bellyhold capacity.

“I would like to think that shippers who previously relied on forwarders to only provide bellyhold capacity are now experiencing the advantages that freighters have to offer — and have offered — throughout the pandemic.

“Just maybe, when passenger services [and bellyhold capacity] return in full, some of the good experiences [from the benefits of air charters] will be remembered.”

He warns that if bellyhold cargo capacity is continuously chosen over air charter capacity after the pandemic, as aviation operations return to previous levels the charter industry could end up “reverting to its previous state of relying on the world’s ups and downs for ad-hoc work”. Ultimately, time will tell. **acn**

FACT FILE

◆ Chapman Freeborn was established in 1973 and was initially set up to market Alaska International Air’s fleet of Hercules freighter aircraft.

◆ The aircraft charter broker was purchased by aerospace firm Avia Solutions Group in 2019.

◆ Russi Batliwala joined the business in 1987 in Frankfurt, as a trainee. He became chief executive in 2009 and chairman in 2020.

A need for space in the new world

A lack of scheduled capacity means the air charter sector is booming. But what lies in store for 2021 and beyond? **Damian Brett** reports

To say that the end of last year was a busy period for the air charter sector is perhaps a bit of an understatement and it appears the first quarter of 2021 will continue in the same vein.

As 2020 drew to a close, the charter sector was dealing with a resurgence in personal protective equipment (PPE) shipments and Covid-19 test kits, extra demand due to container port congestion, Brexit contingency planning and the usual peak season demand.

On top of all that, Volga-Dnepr took its AN-124 aircraft out of action on safety grounds and France temporarily closed its border with the UK due to a new Covid variant creating an unprecedented number of enquiries, according to one broker (see news pages).

This was combined with a lack of bellyhold capacity due to the grounding of most passenger flights. With scheduled capacity in short supply, charter flights were in high demand.

Air Charter Service group cargo director Dan Morgan-Evans says the end of the year was “phenomenally busy”, and while there were “pockets of availability”, it was a challenge to find freighter capacity.

“There is availability around,” he says. “You just have to find it and you just need to be on your toes and agile enough to work with the airlines and customers.”

Chapman Freeborn cargo director Pierre van der Stichele says that the end of the year was “good but tough”. Good because of brisk demand, but tough because of the scarcity of freighter capacity.

He adds that e-commerce growth also fuelled demand during the peak. In terms of PPE, the company had organised around 500 dedicated flights by November last year.

“You have more and more e-commerce promotions: Singles’ Day; Black Friday, which is getting even longer; and then there are also



The ongoing requirement for PPE and Covid-19 vaccine shipments are expected to soak up capacity well in to 2022

new product launches,” he says.

“These discounted pricing events are driving capacity up the wall and it is hard to find a pure freighter.”

The supply-demand balance also pushed up prices and in November the cost of chartering a B777F or

B747F from China to Europe reached just under \$1m. The cost from China to the US west coast was around \$1m and to the east coast reached as much as \$1.3m. This is around double the normal price.

Van der Stichele says that Chapman

Freeborn utilised auxiliary freighters — passenger aircraft conducting cargo-only flights — to meet demand.

“We have access to some exclusive capacity on certain passenger converted freighters; A340 and A330 passenger aircraft with all the seats removed, and we have a B757 freighter that we have taken on under an exclusive marketing and management deal.”

He adds that Chapman Freeborn also benefits from being part of the Avia Solutions Group, which has several carriers operating A320 and A321 aircraft.

“About six of these aircraft have been converted with seats removed in the main passenger deck, and we are also using these as freighter options for our clients,” van der Stichele says.

ACS has also been utilising auxiliary freighters and even arranged some flights utilising four-engine A380s, known for their low cargo capacity compared with their size — a sign of the strength of the market at the time.



‘There is availability. You need to be on your toes and agile enough to work with the airlines and customers’

Dan Morgan-Evans
Air Charter Service

Konstantin Vekshin, chief commercial officer at Volga-Dnepr Group, says its aircraft were busy on charter flights at the end of the year.

It introduced 10 additional charter flights in November to leverage e-commerce demand.

Mike Hill, director of group freight at Air Partner, says that it would have been difficult to secure capacity towards the end of the year if it were not for the pax-freighter flights.

However, he adds that they do have their limitations. "Pax-freighters are good for volumetric cargo such as PPE masks because we can use the full volume of the aircraft cabin including overhead bins.

"Whereas PPE gloves tend to be denser so that the full volume is not required as there is then a payload restriction.

"Typically, general cargo tends to be denser and so often with some commodities, we cannot load in the cabin at all due to loading restrictions, so in these cases we are operating passenger aircraft with purely the belly capacity."

He also points out that during the summer, when rates came back down, cargo-only bellyhold flights became scarcer.

"The difference between [the peak season] and the start of [2020] was that a lot of these passenger aircraft have now been set up on scheduled



'You have more and more e-commerce promotions... these **discounted pricing events** are driving capacity up the wall'

Pierre van der Stichele
Chapman Freeborn

services," Hill says.

"That means passenger aircraft and operators were operating like a cargo airline, flying four days a week out of Shanghai into Europe for example, and that extra capacity is being marketed through GSAs on a per kilo basis.

"But also, the volumes of PPE are pretty large, coming in at about 800 cu m, which is a lot and won't work on these new scheduled services."

Vekshin says that while many passenger carriers have joined the air cargo charter market, this was not a threat to the Volga-Dnepr Group because of its expertise in cargo operations and it adapted to new ways of working quickly.

"With more than 30 years of experience, we managed to adapt to this process, which enabled smooth process of all charter permits and stable air cargo operations."

Future outlook

Looking ahead, Morgan-Evans says that the company began booking ad hoc charter flights for the first quarter of 2021 as early as November of last year.

He expects demand for charter operations to remain brisk in the first half.

"January will be busy and I think going into the rest of the year, it is not really going to slow down until the end of the first half — maybe even the beginning of the second half."

Van der Stichele says 2021 is hard to predict, but he is expecting capacity to remain scarce in the first half.

"I have a feeling that we are still going to be quite short of capacity,

perhaps not quite as drastic as the peak season, but prices should be sustainable at a decent level.

"It isn't going to be a typical slow season where there is a sharp drop in the first part of the part of the year."

He says that forwarders concerned about a lack of capacity in the first quarter have already been securing much of the widebody freighter capacity as a precautionary measure.

Vekshin outlines several developments that could impact charter demand over the coming year.

He says e-commerce is growing rapidly, as are the various online shopping promotions. There is a revival of various project cargo sectors, the livestock market remains buoyant, transportation for Covid-19 vaccines will be needed and the market in general remains volatile.

"Overall market volatility fosters charter options to be more flexible for customers," he says.

"[The] second or even third wave of Covid-19 in some countries [and] imposition of new restrictions and lockdowns will stimulate additional charter requests to guarantee uninterrupted supply chains of vital and essential products, mainly on

'The second or even third wave of Covid-19 will stimulate additional charter requests'

Konstantin Vekshin
Volga-Dnepr Group





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Chapman Freeborn has a department dedicated to keeping up-to-date with entry requirements for global destinations

→ Asia-Europe and Asia-US trade lanes.”

Hill says that concerns over the impact of a Covid-19 vaccine launch pushed forwarders to secure capacity for the first quarter of the year.

“Forwarders were asking us [in November] to hold aircraft for January, February and March and that is kind of unheard of. I have not experienced that before, so it shows a nervousness.

“There will be a period when the vaccine comes out, when we still can’t fly passenger aircraft services properly, where we will face a real capacity crunch.”

While forwarders are preparing for the worst, at this stage it is not clear whether there will be a sudden rush for vaccine transportation or a more even spread throughout the year.

Another unknown is the transport requirements of the vaccines. Some may face difficulty finding capacity if they require dry ice, for example, as there are limits to how much can be taken on-board.

Vekshin says the main vaccine

production sites are expected to be concentrated in India, Europe and the UK, although right now it is hard to predict the distribution flow.

“Either it is going to be locally within the region, or globally between the countries,” he says.

“Volga-Dnepr has created a dedicated vaccine task force to ramp up its capabilities using a unique combination of freighters, qualified personnel, compliance with the industry standards (IATA CEIV) and trustworthy stakeholder relations.”

Highs to low

While there is enough demand to fill the limited capacity that is on the market at the moment, it should also be remembered that last year volumes were actually down on 2019 levels — it was the lack of cargo space that pushed the need for charter flights.

So, what will happen when passenger flights return? Could the charter sector swing rapidly from peak to trough?

“The [passenger] routes are

probably going to be irregular,” says Morgan-Evans. “Airlines might not start some of the routes immediately, or they might not operate them seven days a week. I just can’t see it going back to pre-Covid levels for some time.”

He adds that the lower passenger demand and cargo volumes could also mean that many of the routes that relied on both to be profitable may not return immediately either.

Van der Stichele predicts it may be several years until passenger operations are back to their previous levels.

He points out that some airlines have gone bust, while it is not just the major trunk routes that have been grounded — many regional routes have also been kept on the ground.

Hill says that looking beyond the immediate future, forwarders appear to be cautious on the demand front.

“From speaking to forwarders, their prognosis for financial year 2022 is not good because they see the economic effect of lockdown being not so good for business.

“For us, these fluctuations are good. If you have a lot of capacity and then minimal capacity, that’s when people need charters and that was clear in March, April, May and June. All these changes to capacity are only good for us at the moment.”

Vekshin says there is long way to go until passenger capacity reaches pre-covid levels. “In the meantime, we need to adapt to a new normal,” he says. “The pandemic tested the industry, leaving the players which demonstrate flexibility and agility. That said, we need to monitor the situation and understand customer needs and market sentiments, and mix scheduled and charter operations depending on industry and regions.”

While the charter market was last year dominated by PPE and e-commerce demand, other sectors

that it would traditionally cater for have had a more mixed year.

“The events and band tours have been hit quite hard, but we have still been flying relief and oil and gas volumes, and we even had a bit of a spike during the middle of the year,” says Morgan-Evans.

Hill says that the automotive industry also bounced back in the middle of last year as factories began to reopen and consumers started spending.

“Automotive was weak at the start of the summer and beforehand, but since then it has kicked back to previous levels, which was surprising.

“In Europe, for example, our just-in-time business is almost as busy as it was a year or two years ago.”

Hill says that oil and gas demand has been bumpy over the last few years, but there has been recent buoyant demand for the repositioning of active pharma ULDs in anticipation of a Covid-19 vaccine.

Vekshin agrees that the oil and gas sector — and wider project market — is showing signs of life, a good omen for the year ahead.

“[There is a] revival of business activities in such sectors as aerospace, energy, oil and gas which has traditionally boosted charter operations with oversized and super-heavy cargoes,” he says.

“[The] reshoring and near-shoring process might create additional charter demand to relocate super heavy and outsized production equipment to new sites.”

One thing helping the ACS team last year was its two offices in China and its office in Hong Kong.

“That has been huge for us,” says Morgan-Evans. “It was such an important part, whether we were flying into Europe or into North America, we were effectively able to work around the clock. We wouldn’t be able to do what we do today without that infrastructure.”

Van der Stichele says that to meet the challenging market, Chapman Freeborn is recruiting extra members of its commercial team in Europe and North America while it also has a team providing operational oversight.

“We have a specific department called Chapman Freeborn flight support that is our operations branch,” he explains.

“They study the entry requirements into every country for passengers and crew and update us every morning as to which countries have changed their regulations and entry requirements. It is a gruelling task as that information is not easily available.”

Hill says that another challenge has been monitoring all the changes that are being made to the various passenger services.

“We need lots of people monitoring the situation in each region of the world, which is what Air Partner is good at,” he says.



‘Forwarders were asking us [in November] to hold aircraft for January, February and March and that is kind of unheard of’

Mike Hill
Air Partner

ENVIRONMENT

Salmon by sea puts focus on CO2

As research highlights the damage caused by flying produce, airfreight steps up its efforts to cut emissions while a fresh food supplier switches to seafreight. **Damian Brett** reports

While air cargo in 2020 was dominated by the Covid-19 outbreak, the environmental impact of the sector looks set to be a key topic in 2021.

One headline-grabbing story at the end of last year was Faroe Islands-based Hiddenfjord's decision to stop using airfreight to ship its salmon.

"Airfreight is a major contributor to global CO2 emissions, and a large part of the fresh farmed salmon is exported to global markets by air," it said.

The company quoted a 2020 updated report from Norwegian research group SINTEF, which showed that freight carried by air produced around "50 times (depending on flight type and distance) more CO2 than transoceanic sea freight".

The company said that by replacing its airfreight with seafreight it has



Oliver Rösler/Lufthansa Cargo

been able to reduce carbon emissions from overseas transportation by 94%.

"Although some of our customers in the overseas markets were sceptical at first, we have proved that we maintain the same quality, even when the salmon is shipped by boat to overseas destinations," the company said.

Maintenance of product quality and cost savings are two key motivating factors behind shippers' moves to

shift from air to ocean on environmental grounds, according to the Cool Chain Association (CCA).

CCA board chairman Stavros Evangelakakis said that the organisation was frequently having conversations where airfreight and seafreight are compared.

Although not commenting directly on the move by Hiddenfjord, he said that there was often more to a move

from air to ocean than just emissions reductions.

He said that if there are cost savings, product quality can be protected and consumers are happy to purchase seafood "which is two to three weeks on the road in Asia" then it made sense for shippers to switch modes.

However, he warned that the full environmental impact of a seafreight supply chain is often overlooked.

The airfreight industry is also trying to reduce its impact. Towards the end of last year, Air France KLM Martinair Cargo (AFKLM) launched a sustainable aviation fuel (SAF) programme that allows customers to select how much of their freight they would like to be flown using SAF.

Meanwhile, Lufthansa Cargo and DB Schenker teamed up to carry out the first ever CO2-neutral freighter flights, powered by SAF. **ecm**

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AIRLINE DEMAND

Load factor hits a record high on capacity crunch

The latest air cargo figures from IATA show that demand continued to recover in October, although not as strongly as in September.

IATA reported that airfreight volumes measured in cargo tonne kms (CTKs) decreased by 6.2% year on year in October — a slight improvement on the 8% decline seen in September.

Global capacity in October, measured in available cargo tonne kms (ACTKs), shrank by 22.6%.

Meanwhile, the industry-wide load factor reached a record high in October as the capacity crunch, driven by significantly reduced passenger services and bellyhold capacity, continued.

“The biggest problem for air cargo is the lack of capacity, as much of the passenger fleet remains grounded,” said Alexandre de Juniac, IATA’s director general and chief executive.

As available capacity struggled to keep up with demand, the industry-wide cargo load factor rose from 56.9% in September to a record high 57.6% in October.

The capacity decline is nearly four times larger than the contraction in demand, indicating the continuing and severe capacity crunch.

Factors driving demand in October included growth in cross-border e-commerce and the manufacturing sector being “largely unimpacted by the resurgence of Covid-19 in Europe and North America”.

De Juniac noted: “Demand for air cargo is coming back — a trend we see continuing into the fourth quarter.”

“The end of the year is always peak season for air cargo. That will likely be exaggerated with shoppers relying on e-commerce — 80% of which is delivered by air.”

“So the capacity crunch from the grounded aircraft will hit particularly hard in the closing months of 2020. And the situation will become even more critical as we search for capacity for the impending vaccine deliveries.”

Looking at regional performance during the month, Latin America-based carriers saw CTKs in October decline by 13% year on year, which is an improvement on the 22% decline recorded over the first 10 months. Capacity dropped by 32.2%.

IATA highlighted that: “Improving operating conditions in a number of key markets, including Brazil, and recovering cargo capacity

probably affected the improvement this month.”

Asia Pacific-based airlines experienced a 12.8% year-on-year decline in volumes in October, compared with a 15.9% decline in September.

Cargo capacity decreased by 23.9% — an improvement on the 29.5% decline recorded in September.

“The recent improvement in volumes has been impacted by rising available capacity in the market,” IATA said.

North America-based airlines experienced a 6.2% year-on-year increase in cargo demand in October — not as strong as the 8.6% reported in September — while capacity decreased by 16.4%.

“Rising popularity of e-commerce in the US and smaller capacity declines have been main drivers behind the region’s outperformance compared with the rest of the industry,” the airline association said.

For Europe-based carriers, volumes decreased by 11.6% year on year in October, compared with the 15.4% decline in September. Capacity also shrank, by 27.6%.

“Europe’s international air cargo business seemed to be largely unimpacted by the resurgence of the virus in October,” IATA observed.

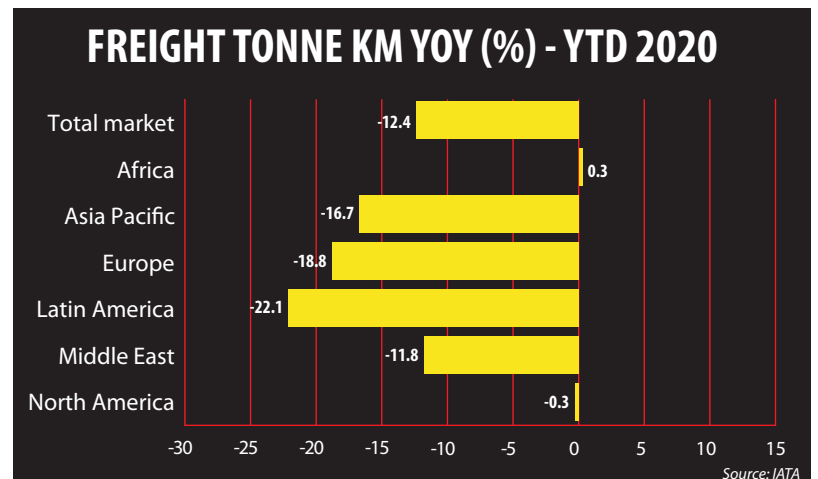
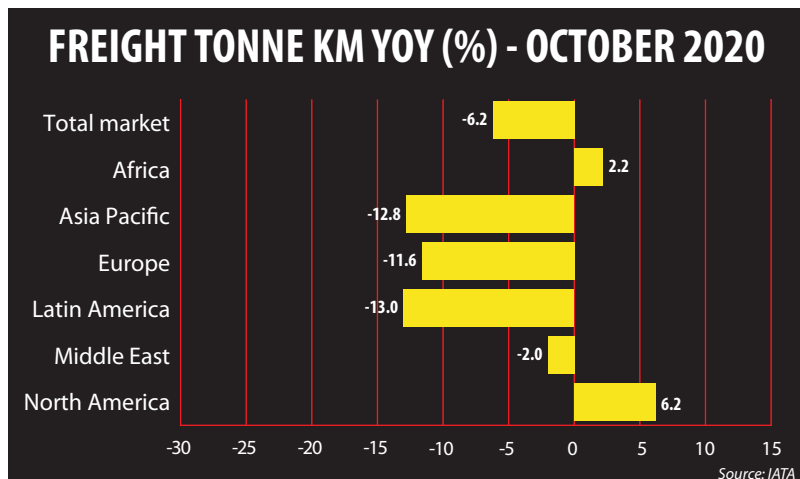
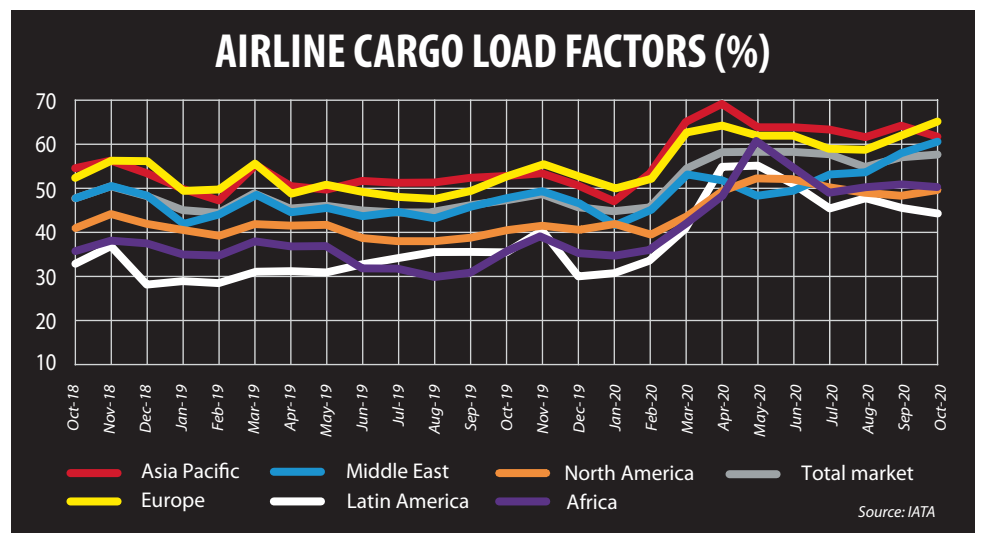
Middle East-based airlines, which IATA said were negatively affected by “weaker

demand in Africa-Middle East trade lanes”, experienced a 2% year-on-year decrease in air cargo demand during October. Capacity decreased by 22.8%.

And Africa-based carriers, which represent 1.8% of the world share, posted a 2.2% year-on-year increase in demand, a fall from 8.2% in September.

“The main culprit behind the slowdown was the Asia-Africa market, where CTK growth decelerated to 4% year on year,” IATA said.

However, the association added: “Outsized volatility, typical for this small market, might partly explain the weakness.”



AIRFREIGHT RATES

North America leads Hong Kong surge as vaccine pressure grows

The air cargo industry saw rates out of Hong Kong increase in November.

Figures from the Baltic Exchange Air Freight Index (BAI) powered by Tac Data show that in November average airfreight rates from Hong Kong to North America increased by 30%, compared with a month earlier, to \$7.37 per kg.

And from Hong Kong to Europe, November rates were up 43.1% on a month earlier at \$5.38 per kg.

Initial figures seem to indicate prices continued to grow in December.

An increase in pricing at that time of year isn't too much of a surprise, as the peak season is under way and

various shopping promotions take place. However, prices remain far above last year's levels as a result of the lack of overall air cargo capacity owing to the grounding of many passenger services.

Average rates from Hong Kong to North America are up 91.9% on a year ago, while to Europe they are up 65%.

Looking forward, vaccination programmes are being launched which has the potential to put extra pressure on limited air cargo capacity.

Indeed, Paul Molinaro, World Health Organization chief of operations support and logistics, told *Reuters* that airfreight rates were "outrageous" and one price had been quoted for a dry-ice pharma

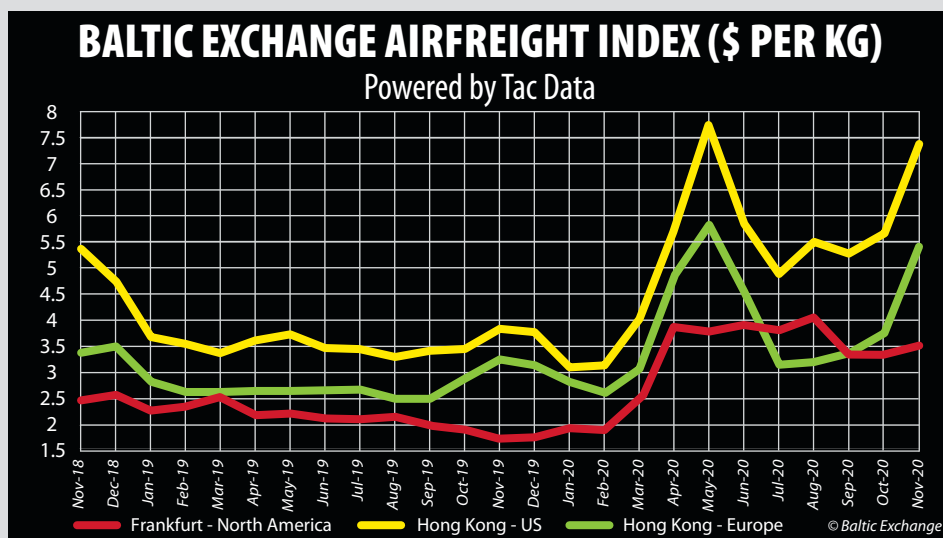
shipment that was about 20 times higher than usual.

Meanwhile, carriers have been busy reintroducing

bellyhold capacity.

Figures from Seabury Consulting by Accenture show that bellyhold capacity

at the end of November was down by about 57% year on year, while in April capacity was down by more than 80%.



AIRPORT THROUGHPUT

Cargo volumes regain ground

Major cargo airports continued to see their volumes edge back towards 2019 levels in October, although hubs in some regions performed better than others.

The world's largest cargo hub, Hong Kong International Airport, saw its cargo volumes for the month decrease by 5.7% year on year to 404,000 tonnes. While the airport is still recording declines, the level of drop-off has narrowed greatly from the 14.2% fall registered in April.

Over the first 10 months of the year, demand is down by 8.2% to 3.6m tonnes.

The airport authority said of October's performance: "Imports and exports increased by 10% and 2%, respectively, compared with the same month last year.

"However, transshipments experienced a significant decrease due to the shortage of belly capacity on passenger flights. Cargo throughput to and from mainland China and Southeast Asia saw the

most significant decreases during the month."

In Europe, airports also continued to record a recovery, although not to the extent of Hong Kong.

Overall, airport cargo volumes for the region were down by 8.6% year on year, with European Union (EU) airports registering an 8.2% fall and those outside the EU falling by 10.9%.

Over the first 10 months of the year, volumes are down by 13.5% in the region.

Looking at individual airport performance, Frankfurt saw its cargo volumes increase 3.4% to 174,080 tonnes. Last year, the airport was affected by a one-day crew strike at its largest carrier, Lufthansa, in October.

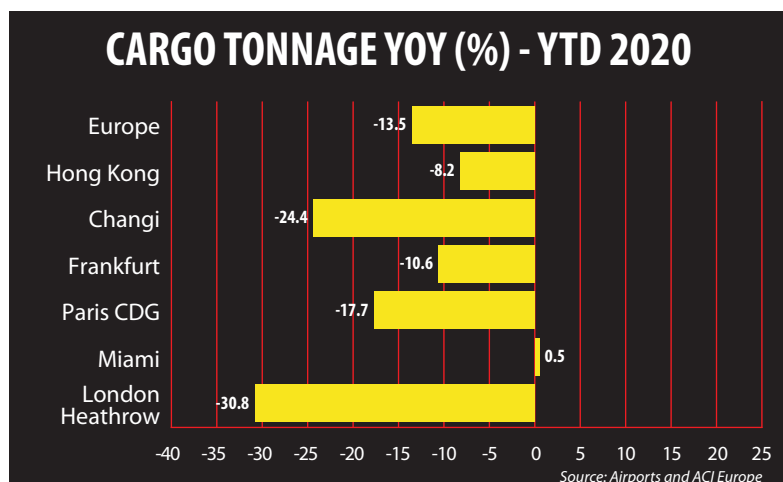
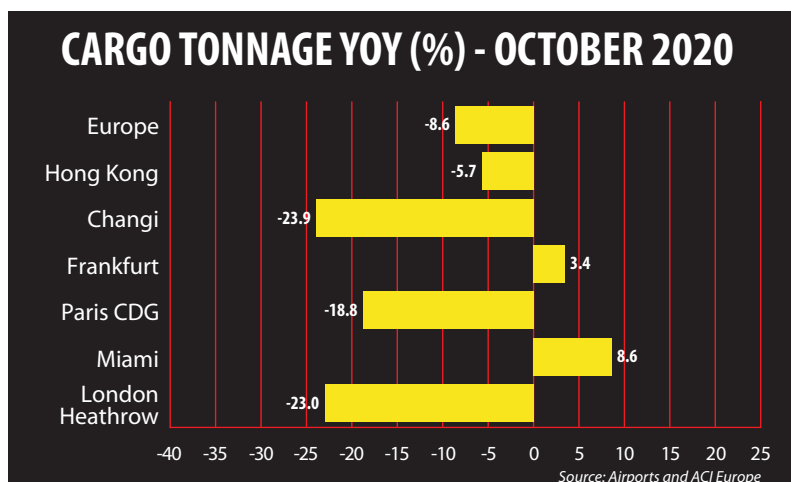
The airport said that cargo-only flights had more than compensated for belly cargo capacity constraints.

"This high cargo demand can be attributed mainly to the upturn in global trade and the solid performance of the

eurozone's industrial sector," the airport said.

Elsewhere, Heathrow in the UK recorded a 23% decline to 108,482 tonnes, Paris CDG was down 18.8% to 134,866 tonnes and Schiphol fell 2.4% to 140,140 tonnes.

In North America, Miami International continued its good run of form in October with an 8.6% increase in demand to 210,458 tons. For the year to date, demand is up by 0.5% compared with a year ago.



CONTAINER SHIPPING

Backlog pushes up rates

The container shipping industry ended the year facing backlogs, delays and high rates, as a demand surge combined with equipment shortages and a vessel capacity crunch to create difficult market conditions.

In mid-December, rate portal Freightos reported that shipping rates for services from China to the US west coast were up by 160% year on year at almost \$3,900 per 40 ft equivalent unit (FEU).

Rates from China to the US east coast increased by about 80% year on year to just over \$4,900 per FEU.

Prices on the transpacific trade lane have been at this level for a while.

However, prices from China to northern Europe and to the Mediterranean have now also reached the \$4,000 per FEU level, both up more than 130% compared with a year earlier.

In a mid-December market update,

Freightos said: "The last time that market conditions grouped these three lanes along the same price point was in November 2019, but at a rate of about \$1,500 per FEU, 37% of current prices.

"The sustained peak in ocean container shipping continued to impact the industry this week in the form of port congestion, [a scarcity of] empty containers and sky-high rates now on all major lanes out of Asia."

Multipurpose charter

The lack of capacity in ocean shipping has become such an issue that freight forwarder DSV has chartered multipurpose vessels with a capacity of about 325 FEU to be used on the Asia-Europe trade.

Vessels plying this trade lane tend to carry about 9,000 FEU.

In the UK, shippers were warning customers to expect delays to shipments and said that high street

prices could increase as a result of the issues.

The country's box problems are exacerbated by companies stocking up ahead of Brexit and issues at its largest container gateway, Felixstowe.

Vehicle manufacturer Honda in December briefly shut its UK manufacturing plant in Swindon for transport-related reasons.

The issues in northern Europe also led France-headquartered shipping line CMA CGM to temporarily halt bookings on the trade.

And despite the high demand, reports suggest that some ships are having to leave Asia not fully loaded because of the box shortage.

Looking ahead, Lars Jensen from Sea Intelligence Consulting said he was expecting issues to continue into the new year.

"The equipment challenge is set to continue at least into January," he said in a LinkedIn update.

"Presently we are at a point where

the level of empty containers is half a million TEU [20 ft equivalent unit] less than what we usually see at low-points of the stock levels in peak seasons.

Doubling up?

"If nothing were done about the situation, we would be on track to see this shortfall more than double in January.

"Possible action would be to build more containers and to aggressively reposition containers. Only doing one of these two actions would mean the problem does not get solved until February. Doing both could mean alleviation of the problem during January.

"Carriers are right now doing both. The problem with this is that the aggressive repositioning negatively impacts backhaul shippers, such as US exporters. But not doing it perpetuates the current headhaul problem by a month."

PEOPLE

Pilot Freight Services adds to board

Teresa Finley

Logistics provider Pilot Freight Services has appointed Teresa Finley to its board of directors.

Finley currently serves as a senior adviser at Boston Consulting Group. She has more than 30 years of experience in the industry and has previously served as chief marketing officer and business services officer at UPS.



continue developing its role as an important provider of critical transport infrastructure."

Walpole becomes VP at Delta

Rob Walpole

Delta has appointed a new vice-president of cargo as it moves its airfreight business to sit on its commercial business portfolio.

Rob Walpole — who has worked at Delta Cargo since August last year — succeeds Shawn Cole. He will report to Steve Sear, executive vice-president of global sales and president international.



SAS Cargo appoints new CEO

Max Knagge

SAS Cargo has appointed Max Knagge, former head of US sales at the company, to the role of chief executive of cargo.

Knagge succeeds Leif Rasmussen, who is leaving the company after 38 years of service.

Kjetil Håbjørg, executive vice-president and chief services officer at SAS, commented: "I am confident Knagge will build on SAS Cargo's history and will



Berry takes up Air Canada VP role

Jason Berry

Air Canada has named Jason Berry as its new vice-president of cargo.

In his new role, Berry — who was previously president at Alaska Airlines subsidiary McGee Air Services — will report to Lucie Guillemette, executive vice-president and chief commercial officer.

Before McGee Air Services, Berry led Alaska Airlines' cargo business from 2012 until June 2019.

QUOTE OF THE ISSUE

"The biggest problem for air cargo is the lack of capacity, as much of the passenger fleet remains grounded"

Alexandre de Juniac

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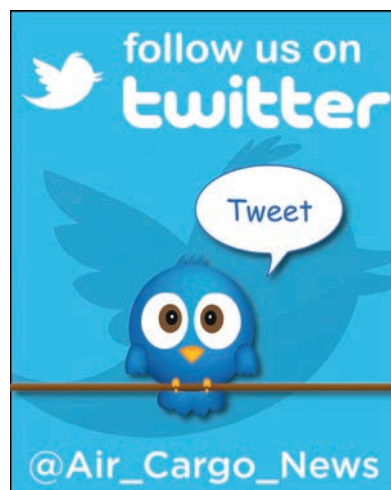
Asia-Europe trade lane April 2021 issue
Africa April 2021 issue
 Advertising bookings required by 24 February 2021

China May 2021 issue
Transpacific Trade Lane May 2021 issue
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