

aircargo

NEWS

Quarterly

www.aircargonews.net

The World's Best-Read Air Cargo Publication

Spring 2022 | No. 897

THE YEAR OF CARGO CHARTERS

Sector braces for another
period of high demand

Pages 26-28



MIDDLE EAST

Carriers tackle
belly challenge
Pages 30-35

CANADA

Capitalising on
cargo demand
Pages 36-38

HEAVYWEIGHTS

Two new production
freighters square up
Pages 24-25



SMART **IST**

THE WORLD'S NEW LOGISTICS CENTER

THE NEW HOME OF TURKISH CARGO THAT FLIES TO THE MOST DESTINATIONS IN THE WORLD IS BECOMING THE NEW CENTER OF AIR CARGO LOGISTICS, CONNECTING CONTINENTS.



TURKISH CARGO

Spring 2022 No. 897

Editor

Damian Brett
d.brett@aircargonews.net

Deputy Editor

Rebecca Jeffrey
r.jeffrey@aircargonews.net

Divisional Manager

Annie Roberts
annie.roberts@
dvvmediainternational.com

Sales

Richard Perry
richard.perry@aircargonews.net

Production

Isabel Burton
production@aircargonews.net

Digital

Jamie May
j.may@aircargonews.net

Circulation Manager
subs@aircargonews.net

Events

Beatrice Olsen
events@aircargonews.net

Publisher

Andy Salter
andy.salter@
dvvmediainternational.com

Annual subscription

£99 (UK); €150 (Europe and Scandinavia);
US\$200 (Rest of the world)

Material from this publication may not
be copied or reproduced in any way
without prior written authorisation from
the publishers. © 2022

Air Cargo News, ISSN Number 1357-
4051, is published quarterly by DVV
Media International Ltd, 1st Floor,
Chancery House, St Nicholas Way,
Sutton, SM1 1JB, UK.
Tel: +44 (0) 20 8722 8370

Airfreight and mailing in the USA
by agent named Worldnet Shipping
Inc., 156-15, 146th Avenue, 2nd Floor,
Jamaica, NY 11434, USA.

Periodicals postage paid at Jamaica NY
11431. US Postmaster: Send address
changes to

Air Cargo News, Worldnet Shipping Inc.,
156-15, 146th Avenue, 2nd Floor,
Jamaica, NY 11434, USA.

Subscription records are maintained at
Intermedia Brand Marketing Ltd, Unit
6 The Enterprise Centre, Kelvin Lane,
Manor Royal, Crawley, West Sussex,
RH10 9PE, UK.

Worldnet is acting as our mailing agent.

Website: www.aircargonews.net

Origination and printing in Great Britain
by Precision Colour Printing Ltd.



Photo: Miami International Airport

News

Freighters star at the Singapore Air Show	4
Air Cargo News Awards open for entry	4
Forwarders turn to charters again	5
Amazon ramps up forwarding services	6
Cargo airports on the up	8
Air cargo's green credentials	10

Freighters World News

China Airlines and Atlas order B777Fs	12
EFW's A330 first	13

Freighters World Market Update

A mammoth task	14
The B777 conversion market is in demand	

Focus

World Cargo Summit	16
Freighters and outlook were on the agenda	
Heavyweight contest	24
B777X and A350F square up	

Airport Focus

Leipzig/Halle	18
A magnet for air cargo	



Interview

Stewart Angus, dnata	20
Handler overcomes a challenging market	

Special reports

Air Charter	26
Sector predicts another busy year	
Middle East	30
Airlines tackle the belly cargo challenge	
Canada	36
Demand pushes freighter investments	

Data Hub

The latest supply and demand stats	40
Rates stay high as capacity is in short supply	

Containers/People

Signs of a thaw?	42
First signs that box chaos could ease	



30 COUNTRIES
WORLDWIDE

TAILORED CARGO
OUTSOURCING

DIGITALIZATION
& ANALYTICS

TRUCKING
& HANDLING
SOLUTIONS

THE INDEPENDENT
GSSA PARTNER

www.flyus.aero

GSSA
OF THE YEAR



NEW US GSSA FOR AZUL

Azul Cargo has selected Globe Air Cargo as its US GSSA. The company will be responsible for all cargo sales and administrative services connected to Azul's entire US business and will assist with flight operations.

DHL TARGETS VIETNAM

DHL Express has introduced a new service between Ho Chi Minh City and the US. The weekly B777F service will be operated by Kalitta Air alongside an existing A330 six-times-a-week service that also stops in Hong Kong.

MAS ADDS FREIGHTERS

Mexican carrier mas airlines says it is planning to operate a fleet of 18 freighters within the next five years. The carrier recently took delivery of the first of eight A330 converted freighters and also operates three B767Fs.

IRISH AMBITIONS

Shannon Group has plans to upgrade its cargo facilities at Shannon Airport in Ireland. The Group said its development, currently awaiting planning permission, is a "2,705 sq m distribution facility" located on a three-acre site.

BLUEBIRD'S PARADISE

Bluebird Nordic has taken delivery of a B737-800 conversion from AviaAM. The aircraft is the second B737-800BCF delivered to the Icelandic ACMI company by AviaAM and comes as it looks to expand in the cargo market.

Carriers race to secure latest freighter models

THIS YEAR HAS so far seen a flurry of freighter orders as Boeing has launched a new widebody model and all-cargo aircraft were centre stage at the Singapore Air Show.

Qatar Airways ordered up to 50 B777-8 freighters in February, becoming the launch customer for the model.

The Middle East-based airline ordered 34 of the aircraft, with options for a further 16 in a deal that is valued at more than \$20bn based on list prices. It is the largest freighter commitment in Boeing's history by value.

The B777-8F, which will be part of the B777X family, offers a maximum structural payload of 118 tonnes and a range of 8,167 km. The first delivery is expected in 2027 and the aircraft will be built at the airframer's Everett, Washington site.

Elsewhere, US cargo airline Western Global Airlines ordered two B777 freighters this month, with an additional purchase option.

At the Singapore Air Show, the A350F freighter has been racking up orders. Etihad Airways signed a Letter of Intent (LOI) for seven A350Fs, while Singapore Airlines (SIA) finalised a purchase agreement for



Qatar Airways showed its faith in the new widebody Boeing 777-8 freighter, ordering 34 aircraft with an option for a further 16 in a massive \$20bn deal

seven A350Fs. SIA signed an LOI with Airbus in December to purchase seven A350Fs, with options to order another five aircraft.

Other recent A350F orders have been from shipping group CMA CGM, which firmed up an order for four A350F aircraft in December, and Air France-KLM, which signed an LOI for four A350Fs and purchase rights for an additional four aircraft in December.

In November, Air Lease became the launch customer for the A350F, placing a provisional order for seven A350Fs.

With a 109 tonne payload capability, the A350F will be powered by fuel-efficient Rolls-Royce Trent XWB-97 engines and is designed to minimise take-off weight, lower fuel consumption and emissions.

■ For more on the battle between the B777XF and the A350F, see page 24.

Enter now, and be an ACN winner

IT'S THAT TIME of year again... the prestigious Air Cargo News Awards are officially open for entry, meaning companies can now put together their 1,000 word submissions.

The awards, now in their 38th year, honour and celebrate those companies that have invested in providing great customer service, operational excellence and innovative technologies.

This year there are nine categories – including two new awards – open for entry: Environment Award (new); Project of the Year (new); Pharma Award; Best Freighter Operator; Cargo Hub of the Year; Ground Handler of the Year; GSSA of the Year; and Innovation Awards – Digital and Product.

Companies have until May 3

to submit their entries and winners will be announced on September 16 at the Runnymede on Thames Hotel in the UK.

More details on how to enter, criteria for each category and tips on entering can be found at www.aircargonewsawards.net.

■ For information on sponsorship opportunities contact Richard Perry at: richard.perry@aircargonews.net



Kuehne+Nagel has entered into a long-term agreement with Atlas Air

'Year for air charters' as capacity squeeze bites

FREIGHT FORWARDERS ARE this year again turning to air cargo charter operations in an attempt to combat capacity shortages.

The end of last year and the start of 2022 has seen a spate of forwarders announce their plans to set up charter operations as they face up to the slow return of belly capacity, strong demand levels, the ongoing impact of Covid-19 and wider issues in ocean shipping that could be exacerbated by US port worker contract negotiations.

Seko Logistics, for instance, used 397 charter flights last year compared with around 72 flights in 2020. This year Seko expects this figure to grow further by around 20-30%.

The company's president and chief executive James Gagne remarked that 2022 would be the "year for air charters".

Flexport is another forwarder that is ramping up its use of charter flights (*see page 23*) having announced deals with Eastern Air, Atlas Air and JetOneX.

Kuehne+Nagel is also increasing its use of charters and has announced a long-term deal with Atlas for two B747-8Fs on a global basis.

Geodis announced in January it will expand its AirDirect cargo network in Asia Pacific as it looks to meet "surging demand" in the region through a deal with AirAsiaX.

DB Schenker also added

charter capacity out of India through Qatar Airways Cargo as it looks to meet capacity constraints.

The forwarder offers charter capacity on a weekly B777F flight operating on the route: Bengaluru, Doha, Munich, Chicago.

Additionally, DSV has responded to Covid restrictions and lockdowns in Asia by adding extra freighter capacity from Hong Kong and Singapore.

The freight forwarder is adding two extra weekly flights to its Hong Kong-Liege loop, bringing its weekly flights on the route to three.

The company has also introduced a new weekly route from Singapore to Los Angeles.

DSV predicts market turbulence

DSV IS EXPECTING a roller-coaster air cargo market this year with Covid-19 continuing to disrupt supply chains, while bellyhold operations will be slow to return.

"Demand will remain strong in every sector and, as the year has already proven, Covid will continue to play a major role in whether capacity will return,"

explained Mads Ravn, DSV vice president and head of air charter.

"Especially on key routes from China and Hong Kong – where they continue to have some of the most severe restrictions – we need some sort of consistency throughout the year."

He added: "Belly carriers are

trying to piece a programme together with multiple new seasonal destinations that will not necessarily benefit the lack of capacity in the market to and from core manufacturing sites."

Ravn added that the return of belly capacity to pre-crisis levels is being pushed further out and the initial anticipation of 2025 is likely not happening.

EDITOR'S COMMENT

Damian Brett



Taking flight in a world of uncertainty

ANY HOPE THAT 2022 will see the air cargo industry start to return to normal appears to have been dashed.

The spread of the Omicron variant of Covid-19 at the end of last year put the return of many passenger operations on hold, while production and transport operations were put under pressure by the resultant quarantine measures.

Meanwhile, as *Air Cargo News* went to press, sanctions were being imposed and oil prices were on the rise as the Ukraine-Russia crisis continued to escalate.

Looking ahead, US west coast port workers are due to start contract negotiations, which in the past has resulted in strike action and working to rule. If this sort of industrial action takes place again, it would pile further pressure on an already stressed ocean shipping market.

However, the air cargo industry is in its element when it faces disruption. The coming year should again emphasise the importance of having a secure air cargo operation in order to provide supply chain integrity.

Airbus adds new air cargo service

AIRBUS HAS LAUNCHED a new air cargo service using its BelugaST fleet to help meet outsized freight transportation needs.

Airbus said the new service can cater for customers in the space, energy, military, aeronautic, maritime and humanitarian sectors as the planes possess the “world’s largest interior cross-section of any transport aircraft”, accommodating outsized cargo up to 7.1 m in width and 6.7 m in height.

Airbus said the first mission took place at the end of 2021 with a delivery from Airbus Helicopters’ manufacturing site in Marignane, France, to Kobe in Japan for an undisclosed customer.

To maximise the BelugaST’s turnaround capability, new loading techniques and equipment are being developed for the operation. These solutions include an automated On-Board Cargo Loader for missions where a loading/unloading platform is not available at the origin or destination airport.

Phillippe Sabo, head of ATI and air oversize transport at Airbus, said: “The Beluga’s wider cross-section will open up new markets and new logistical possibilities for customers. In the case of loading helicopters, not having to dismantle them first really is a plus. Similarly, the largest commercial aircraft engines can be accommodated in a fully dressed configuration.”

Based on the A300-600 design, the five-strong BelugaST fleet are being replaced by six new-generation BelugaXLs to support Airbus’ ramp-up of its airliner production.

In the near future, once Airbus has commissioned all six new BelugaXLs, the fully released BelugaST fleet will be handed over to a newly created, subsidiary airline with its own Air Operator Certificate and staff.

Amazon moves to ramp up freight forwarding

E-COMMERCE GIANT AMAZON is looking to ramp up its freight forwarding business as it continues to expand its supply chain offering.

Reports suggest the company is looking to grab marketshare in freight forwarding by offering low-price container shipping services.

German business publication *Handelsblatt* said the low-price policy comes at a time when ocean shipping prices remain well above historical levels due to container shortages and congestion at ports.

Amazon has had a presence in the forwarding market for a few years, but the *Handelsblatt* report indicates the e-commerce company is now looking to ramp up operations.

Forwarding services are available to retailers that sell on the Amazon online marketplace under the company’s Amazon Global Logistics (AGL) brand.

The company is offering an 8% discount on ocean shipping services for the first 60 days after onboarding.

According to rate portal Freightos, current spot market prices for shipping services from China/East Asia to North Europe are around \$14,700 per 40 ft container, although contract prices should be lower.



Amazon aims to offer “a streamlined, end-to-end shipping experience”

At the moment, AGL offers transport from mainland China and Hong Kong to fulfillment centres in the US, UK, European Union (EU) and Japan.

The company is in the process of expanding its services to other geographies, including India, Vietnam and Thailand, for select transportation modes.

It offers standard ocean and airfreight and end-to-end solutions including local pickup, palletisation, labelling, cargo insurance service, and customs clearance at origin and destination.

On airfreight, AGL offers dedicated charter flights with a typical seven-day transit time from origin to fulfillment centre.

AGL said: “You enjoy a streamlined, end-to-end shipping experience, from cargo pickup at the origin to shipment to the fulfilment centre.”

In 2017, the company registered itself as an NVOCC [a seafreight forwarder that sells block booked capacity] through its Chinese subsidiary Beijing Century Joyo Courier Services.

Turkish Cargo moves operations to Istanbul

TURKISH CARGO HAS moved its freighter operations over to Istanbul Airport to join its passenger flights after more than two years of operating with a dual-hub setup.

The airport handled its first flight in 2018 and Turkish Airlines moved its passenger operations over from the existing Ataturk Airport in 2019.

Freighter flights remained at Ataturk while operations at the airport were established.

However, with the airline’s new cargo hub, named SMARTIST, now fully operational the airline took the decision to transfer freighter operations to the new airport.

In total, 4,125 pieces of equipment of 80 different types were

transferred to Istanbul Airport as part of the move. The relocation took a total of 72 hours.

The SMARTIST hub will eventually have an annual capacity of 4m tonnes and measure 340,000 sq m. The facility is equipped with augmented reality, automatic storage systems, robotic process automation and unmanned ground vehicles.



PILLAR 2



NEW ABILITIES MADE BY ECSGROUP

We have 100% airline vision and offer a unique à-la-carte menu of services to meet your needs. Choose from 10 Abilities that all go above and beyond any conventional GSA solution.

#AUGMENTEDGSA

ECSGROUP

Maersk set to snap up Pilot Freight

SHIPPING GIANT AP Moller Maersk plans to buy US forwarder Pilot Freight Services as it continues to expand its logistics presence.

The transaction price is \$1.7bn and the deal is expected to be completed in the second quarter of 2022. The current owners of Pilot are private equity firm ATL Partners and investor British Columbia Investment Management Corporation.

According to consultant Armstrong & Associates, Pilot was the world's 24th largest airfreight forwarder in 2020 with volumes of 240,000 tonnes.

Pilot specialises in first, middle and last mile as well as border crossing solutions, and in the big and bulky freight segment in North America for B2C and B2B distribution. It operates a network of 87 stations and hubs, uses mainly third party providers of trucking, and has access to controlled capacity.

The combined Pilot and Maersk entity will offer approximately 150 facilities in the US, including distribution centres, hubs and stations.

Maersk said the pandemic had accelerated macro trends in the supply chain, like the shift towards e-commerce, and this would "necessitate the creation of new distribution networks and solutions".

In December last year, Maersk announced the purchase of Hong Kong-based LF Logistics, while the month before it acquired forwarder Senator International.

Star Air, Maersk's in-house aircraft operator, will also purchase two new B777 freighters to be delivered in 2024, and has leased three B767-300 freighters, which will be operational next year through Cargo Aircraft Management, the leasing arm of ATSG.

Leading hubs report record cargo volumes

MAJOR INTERNATIONAL cargo-handling airports saw robust cargo volumes in 2021.

Airport Authority Hong Kong (AAHK) said cargo throughput in 2021 at Hong Kong International Airport (HKIA) rose by 12.5% year on year to 5m tonnes, exceeding the 4.8m tonnes recorded in 2019.

The number of cargo flights surged to an all-time record of 82,935, a year-on-year increase of 19.8%. Monthly cargo throughput also reached a new monthly high in November 2021.

Miami International Airport (MIA) handled 2.7m tons of freight in 2021, "shattering" its previous record of 2.3m tons achieved in 2020. International freight grew by 17% to 2.2m tons, while domestic freight rose 15% to 500,000 tons.

Last year, DHL Express completed a \$78m renovation and expansion of its facility at Miami that has nearly doubled its sorting capacity and warehouse space to 206,000 sq ft. FedEx also completed a \$72.2m, 138,000 sq ft Miami facility expansion, doubling its total facility size to more than 282,000 sq ft.

Frankfurt Airport handled a



Throughput at Miami International Airport surged to 2.7m tons last year

Photo: Miami International Airport

record 2.3m metric tons of cargo last year. This figure is up 18.7% on 2020 levels and 8.9% ahead of the pre-pandemic year 2019.

The airport said that airfreight was the main driver behind this growth, while airmail continued to be affected by the lack of belly capacity on passenger aircraft.

Meanwhile, Amsterdam Airport Schiphol's cargo throughput climbed 15% in 2021 compared to 2020. Schiphol processed 1.7m tonnes

of cargo in 2021 – an increase of 15% relative to 2020 (1.4m tonnes). Throughput is up 5% relative to 2019 (1.6m tonnes).

There were 23,996 cargo-only flights. That represents a 1% rise compared to 2020 (23,782 cargo-only flights) and a 70% rise compared to 2019 (14,156 cargo-only flights).

This significant increase in cargo flights is due to temporary slots being available at Schiphol, said the Royal Schiphol Group.

Natilus drones attract \$6bn of orders

AUTONOMOUS CARGO drone developer Natilus has announced advanced purchase commitments of more than \$6bn for the delivery of 440-plus aircraft in pre-orders.

The orders have been placed by companies including Volatus Aerospace, Astral Aviation, Aurora, Dymond and Flexport.

California-based Natilus aims for its aircraft range to increase cargo volume by 60%, while

cutting costs by 60% and lowering carbon emissions by half.

Its cargo aircraft include a 3.8 ton payload short-haul feeder UAV; a 60 ton payload medium/long-range UAV; a 100 ton payload long-range UAV; and a 130 ton payload long-range UAV.

Other drone manufacturers have also announced new developments with their projects since the start of the year.

Drone Delivery Canada said in January that development and testing of its "Canary" drone, which has "touchless" cargo drop functionality, a range of around 20 km and a 4 kg cargo capacity, was on schedule.

In the same month, Elroy Air unveiled its pre-production Chaparral aircraft that can autonomously pick up 300-500 lbs of cargo and deliver it over distances of up to 300 miles.

AIR CARGO NEWS AWARDS 2022

ENTRIES OPEN

Entry deadline:
May 6, 2022

The 38th edition of the prestigious Air Cargo News Awards – the Oscars of the airfreight industry – returns in 2022 at The Runnymede on Thames Hotel, on September 16.

Enter now at AirCargoNewsAwards.net



XENETA ACQUIRES CLIVE

Air and ocean rate data provider Xeneta has acquired airfreight data firm CLIVE Data Services. The deal comes seven months after Xeneta announced it was partnering with CLIVE to integrate its dynamic load factor and capacity analysis into Xeneta's market analytics platform.

DNATA INVESTS €200M

Ground handler dnata will invest over €200m in a fully automated cargo centre at Amsterdam Airport Schiphol (AMS). The 61,000 sq m facility will be able to process over 850,000 tonnes of cargo annually.

WHEELS UP ACQUISITION

New York-based private aviation firm Wheels Up has reached an agreement to buy UK-based charter broker Air Partner. At £1.25 per share, the deal has an enterprise value of approximately \$107m.

FREIGHTOS BUYS 7LFREIGHT

Florida-headquartered Freightos Group has acquired North American rate management company 7LFreight. The deal means Freightos' WebCargo booking solution will be integrated into 7LFreight's platform, giving Freightos wider market access.

RIGA'S RUNWAY 2027

Riga Airport has announced a "Runway 2027" strategy that seeks to see over 48,000 tonnes of air cargo handled per year by 2027. More than €247m is planned for investment in various facilities, including air cargo.

Air cargo sector signs up to a greener future

AS EMISSIONS REGULATIONS get tougher, the air cargo industry has been creating innovative technology and fuel solutions.

Digital service start-up Cargo Start has signed an agreement to interface its airport-to-airport air cargo tracking solution StarTracking with CarbonCare's CO2 emissions calculator.

Freight forwarders using StarTracking can use the calculator to determine their shipments' carbon footprint.

CarbonCare also provides detailed reporting and data archiving functions to allow performance monitoring and planning of measures to reduce environmental impact.

The calculator considers all

transport modes as well as goods in terminals and warehouses.

Qatar Airways Cargo has also launched a CO2 emissions calculator for customers that determines a shipment's CO2 emissions in kilos or pounds.

The user enters the shipment's origin, destination, flight date and weight to get different flight options and their emissions.

Qatar belongs to IATA's carbon offsetting CO2NNECT platform and the calculator design is based on IATA methodology for use in offsetting programmes. It automatically considers aircraft type, route-specific data, and passenger and cargo load factors.

Sustainable aviation fuel

(SAF) investment continues to drive decarbonisation, with DHL Global Forwarding and Air France KLM Martinair Cargo (AFKLMP) partnering to buy 33m litres of SAF.

DHL's customers can access the SAF via a "book and claim" system, selecting the sustainable option when buying a DHL service. Emissions savings will be credited to their account.

"Since it is nearly impossible both technically and logistically to physically track SAF from production to the airplane, 'book and claim' offers a digital accounting system to track and transfer emissions reductions from sustainable fuels across the value chains," the partners said.



DHL Forwarding and AFKLMP have joined forces to buy 33m litres of SAF

Freighter flight twin peaks robust

COVID-19 HAS FAILED to affect significantly the established twin peaks of freighter flight operations – in the early morning and late evening.

Recently published research from Eurocontrol, the Brussels-based organisation for the safety of air navigation for air traffic management across Europe, shows that cargo flights have two busy periods, just before the

passenger day starts in earnest, and just as the passenger flights are finishing for the day.

The research showed that this pattern hasn't changed despite fewer daytime passenger flights due to Covid opening up opportunities for cargo airlines to utilise slots during the day.

Looking at the peak times, in 2021, just under 8% of cargo flights took place in the morning

peak hour of 4-5am compared with just over 8% in 2019.

For the evening peak of 10-11pm, around 9.5% of flights took place in 2021 compared with 10% of flights in 2019.

In the longer term, Eurocontrol said that the growth in express cargo operators since 2005 has seen a rise in freighter flights in the late evening and early morning slots.



LEIPZIG·HALLE
AIRPORT

MITTELDEUTSCHE AIRPORT HOLDING

24/7 LEJ CARGO HUB PLUS



EMERGENCY
LOGISTICS HUB



E-COMMERCE
SOLUTIONS



LIVE ANIMAL
HANDLING



COOL CHAIN
SOLUTIONS



IN-HOUSE
CUSTOMS BROKER



GENEROUS SPACE
AND CAPACITY
OPPORTUNITIES

lej-cargo.com



PORTGROUND
Aircraft Handling Services
MITTELDEUTSCHE AIRPORT HOLDING



Goldhofer

»SHERPA« FAMILY MAXIMUM PERFORMANCE

- + Safe and quiet cargo handling and pushback
- + Sustainable and reliable
- + Modular platform to fit your individual needs



Find out more
www.goldhofer.com

MADE FOR YOUR MISSION

TEXEL'S FIRST B737 INVESTMENT

Bahrain-based Texel Air has acquired its first 737-800 Boeing Converted Freighter (BCF). A second 737-800BCF aircraft will be inducted for conversion with Boeing in May and is expected to enter service in September.

AS EASY AS 123

Dubai-based lessor Aerovista has contracted 321 Precision to convert two A321-200 aircraft into freighters. MSNs 1451 and 1503 are scheduled to induct during the first and second quarters of 2023.

PRECISION B757 CONVERSION ORDER

Aircraft lessor AerSale has placed an order for six B757-200 conversions from Precision. The deal includes four options and brings AerSale's total number of commitments with Precision to 16.

AMELIA LAUNCHES OPERATIONS

Slovenian airline Amelia International has begun cargo operations with an ATR 72F cargo aircraft. Amelia took delivery of the ATR 72-212 at Ljubljana Airport, where the aircraft will be based, on January 6.

DASH8-300 INNOVATION

Canadian airline Air Inuit has added the world's first De Havilland Dash8-300 with oversized cargo door to its fleet. The aircraft, which has a maximum weight of 19,500 kg and range of 1,550 km, has received its Supplemental Type Certificate from Transport Canada.



China Airlines has purchased four new aircraft on top of an existing order

China Airlines and Atlas Air add to B777s

CHINA AIRLINES AND Atlas Air Worldwide are investing in B777 freighters.

Taiwan-based China Airlines has purchased four B777Fs on top of an existing order. The carrier said the deliveries were slated to commence in 2023 and would be completed in 2024.

China Airlines, which also operates 18 B747Fs, began taking delivery of its existing order of six B777Fs in 2020. So far, three of the aircraft have been delivered, with two more expected this year and one more lined up in 2023.

"The B777F is a twin-engine freighter whose high performance and fuel efficiency makes it suitable for transpacific routes, having fewer restrictions on payload and enabling more effi-

cient use of hold space. The aircraft is equipped with fully temperature-controlled cargo holds," China Airlines said.

To provide safe and secure transport of high-value cargo the "main cargo hold can be fitted with cargo pallet restraint systems used for carrying semiconductor machinery and engines", added the carrier.

Meanwhile, the New York-headquartered freighter lessor and operator Atlas Air has also ordered four new B777Fs, with the first due for delivery in November. The other three freighters are expected to be delivered throughout 2023.

The company said the order for the B777-200LRFs was in response to strong customer demand for dedicated widebody

freighter capacity, particularly in the e-commerce and express markets.

Atlas' B777 fleet currently includes 14 freighters that the company operates or provides to customers on a dry-lease basis through its Titan Aviation Leasing subsidiary.

"These new aircraft will advance our strategic growth plan as we continue to capitalise on strong demand for dedicated airfreight capacity," said John Dietrich, Atlas Air Worldwide president and chief executive.

Atlas is the world's largest operator of Boeing 747 freighter aircraft, with 49 in its current fleet.

It will take delivery of four new B747-8Fs this year, with the first delivery expected in May.

TAM converts Saab 2000 for cargo

TÄBY AIR MAINTENANCE (TAM) is converting the high-speed turboprop Saab 2000 regional airliner into cargo configuration, to offer commercially for the first time.

The Swedish maintenance, repairs, and operations (MRO) company's conversion project includes design and associated parts production and is being

undertaken at its own facilities at Örebro Airport in collaboration with launch customer Jetstream Aviation Capital, based in Miami, Florida.

The first aircraft conversion, s/n 037, is due to be completed by the end of March.

Total cargo volume will be 55.4 cu m, with a floor loading limit of 730 kg and a target max

payload of 6,622 kg. For operations under US Federal Aviation Regulations Part 135, max payload will be limited to 3,402 kg.

TAM has also delivered its 25th Saab 340 cargo conversion to global lessor Jetstream Aviation Capital. The aircraft (a 340B with msn 336) was transported to Jetstream's base in Miami.

EFW delivers its first A330P2F to Altavair

CONVERSION FIRM EFW has delivered its first A330-200 passenger-to-freighter conversion and completed a test flight of the first A320 conversion.

The redelivered freighter is the first of a series of A330P2F conversions that EFW is carrying out for lessor Altavair for operation by MasAir Cargo.

This order includes both the A330-200P2F “range variant” and the A330-300P2F “volume variant”.

EFW chief executive Andreas Sperl explained: “The A330P2F programme is considered very popular, delivering best-in-class capability and fuel-efficiency. We are confident that it will serve Altavair and MasAir Cargo well.”

The A330-200P2F variant

offers a gross payload of up to 61 tons and a range of up to 4,200 nm.

MasAir Cargo will use the aircraft to expand into new markets and fly longer routes.

“MasAir Cargo is taking advantage of the aircraft family concept to build up a new Airbus freighter fleet with the A330-200 and A330-300P2F, becoming the first airline in the Americas to operate the Airbus widebody converted freighter, and first in the world to operate the two A330P2F variants,” EFW said in a release.

To meet the rising demand for freighter conversions, ST Engineering and EFW will set up new conversion sites in China and the US this year and ramp

up total conversion capacity for all their Airbus P2F programmes to about 60 slots per year by 2024.

Meanwhile, EFW has also carried out the first test flight of an A320 passenger-to-freighter converted aircraft.

The narrowbody freighter offers 21 tonnes of payload over 1,800 nm and up to 2,560 nm with 17 tonnes.

“With a cargo capacity of 10 ULD containers plus one pallet position on the maindeck, and seven ULD containers on the lower deck, the A320P2F offers significantly more payload and containerised volume than its closest competitor, as well as having the lowest fuel burn in its class,” said EFW.

Textron unveils first SkyCourier

THE FIRST PRODUCTION unit of the Cessna SkyCourier twin-engine, large-utility turboprop has been rolled out by Textron Aviation ahead of its use by launch customer FedEx Express.

Designed by Textron Aviation, the aircraft is powered by two wing-mounted Pratt & Whitney PT6A-65SC turboprop engines and features the McCauley Propeller C779, a heavy-duty 110-inch aluminum four-blade propeller, which is full feathering with reversible pitch, designed to enhance the performance of the aircraft while hauling large loads.

The SkyCourier is operated with Garmin G1000 NXi avionics and has a maximum cruise speed of more than 200 knots. It has a 900 nautical mile maximum range.

The aircraft features a large door and a flat floor cabin that is sized to handle up to three LD3 shipping containers with 6,000 pounds of payload capability.

Production of the SkyCourier at Textron Aviation’s manufacturing facility in Wichita, Kansas incorporates the use of monolithic machining throughout the airframe. With this technique, major assemblies are milled from a single piece of metal rather than assembled from smaller pieces, reducing the overall number of parts and resulting in more precise tolerances for easier assembly.

The SkyCourier celebrated its inaugural flight in May 2020, and the flight test programme’s three aircraft have accumulated more than 2,100 hours.

Following certification, which is anticipated in the first half of 2022, this first production unit will be delivered to FedEx Express, which has agreed to purchase up to 100 aircraft, with an initial order of 50 cargo aircraft and options for 50 more.



AEI secures ETOPS 180 approval

CONVERSION SPECIALIST Aeronautical Engineers, Inc (AEI) has received ETOPS 180 approval from the US Federal Aviation Administration (FAA) for its B737-800SF freighter conversion.

The ETOPS 180 approval allows the B737-800SF freighter to fly 180-minute extended operations over water and remote regions.

Without the ETOPS approval,

aircraft must always remain within 60 minutes’ flying time of an airport where they can make an emergency landing.

The approval therefore opens operational routes in areas such as northern Africa and western China, the conversion company said.

Robert Convey, who is senior vice president of sales and marketing for AEI, commented: “With the ETOPS 180 approval,

our customers will have more opportunities to expand their routes and service the growing needs of global air cargo.”

The AEI converted B737-800SF freighter offers a main-deck payload of up to 23.9 tonnes and incorporates eleven full height 88” x 125” container positions, plus an additional position for an AEP/AEH.

Finding the sweet spot

With customers lining up for passenger-to-freighter conversions and substantial financial backing, Mammoth Freighters looks to be in a sweet spot, writes Roger Hailey

Brian McCarthy compares the launch of the B777 passenger-to-freighter (P2F) conversion programme favourably with that of the B757, something he was selling 19 years ago.

McCarthy, now vice president marketing and sales at B777 conversion company Mammoth Freighters, was with Precision when it launched the B757 P2F, a successful programme that is well on the way to topping out at 185 B757 conversions completed by all operators.

But the B757 P2F had a slow start, says McCarthy: “You’re talking to a guy that started the B757 programme back in 2003 with no continuous conversion lines or customers at the ready.

“We had to do it the hard way, building one aircraft at a time and then we got four or five more customers until eventually the B757 programme was at the races with a nice big DHL order, followed by SF Express and several others who really stepped up big.”

By contrast, Mammoth already has a healthy aircraft feedstock of ten B777-200LRs purchased from Delta Airlines, and more in the

‘Today we have a willing and very hungry market that needs at least 300 freighters placed in the years ahead’

Brian McCarthy, Mammoth Freighters

pipeline from other carriers, plus a substantial financial backer in the shape of US-based Fortress Investment.

Mammoth was founded in December 2020 by experienced aviation industry executives Bill Wagner and Bill Tarpley, both serving as the company’s co-chief executives.

Mammoth possesses a Boeing data licence for B777-200LRMF conversions and expects full certification in the third quarter of 2023, with similar approval for the B777-300ERMF supplemental type certificate (STC) to follow afterwards.

McCarthy adds: “It is very good to start with 10 aircraft in backlog

because it provides enormous stability for the programme: the planning, volume purchasing, multiple production line planning is all key to a consistent level of production which is also critical to attracting MRO interest.”

Strong demand

There is strong demand for the B777 freighter, both as a Boeing production line model and as a P2F, with competitor Israel Aerospace Industries (IAI) securing orders for its ‘Big Twin’ B777-300ER conversion.

Elsewhere, Eastern Air Holdings has acquired 35 B777 passenger aircraft for its hybrid Class-E freighter version, with the seats and galley removed, but no reinforced floor and no cargo door, in a version aimed at the volumetric parcel sector.

Airbus has also entered the widebody sector with orders for its recently launched A350 production line freighter, a competitor for the production line B777F and the new B777XF, announced this year.

The pandemic has accelerated demand for B777 conversions, with bellyhold passenger aircraft and networks severely reduced, cheaper feedstock aircraft sitting



Mammoth has a data licence for B777-200LRMF conversions and expects full certification in 2023



The B777-200LR will handle over 10 lbs weight per cu ft

on the ground and the rapid rise in e-commerce volumes.

McCarthy says: “You have a lot of 15- and 20-year lease returns happening at the same time, and a lot of these aircraft would probably have been extended if it hadn’t been for Covid.

“Many of these aircraft are being pledged for conversion while the supply and demand curve is lined up right now and will remain so for the next several years.”

Looking back to his B757 experience, McCarthy says: “In my past life we either had a lot of aircraft and no customers, or a lot of customers and no aircraft.

“But today we have a willing and very hungry market that needs at least 300 freighters placed in the years ahead and probably another 150 booked, so we are right in the middle of a sweet spot.

“I wish we had our STCs in hand right now because we could sell a lot of conversions.

“In the meantime, we are focusing on developing high levels of production capacity.”

He estimates that there are some 30 B777-200LRs still out in the market for conversions, and that the model may go the same

way as the MD-11, where many were converted into freighters.

Of the B777-200LR conversion, McCarthy says: “It is really nipping at the heels of the factory freighter for a third of the cost.

“It will fly approximately 4,900 nautical miles with over 10 lbs weight per cu ft density, which makes it a real winner for certain heavyweight general cargo operations.”

He adds: “The -300 series will serve its niche in the market for a lot of e-commerce, integrator and even mixed integrator-type missions. It is going to be a great aeroplane for hauling a lot of volume for today’s and tomorrow’s cargo, which is all about volume.”

Market differentiation

McCarthy sees a key difference between longevity of the booming narrowbody P2F market and that

of the widebody sector.

“The narrowbody market has an uncanny way of spooling up to meet demand, and there is an abundance of narrowbodies being converted right now. Time will tell if the market is either flooded or healthy, based on aircraft lease rates achieved and the value of those planes after conversion.

“For the widebody market we don’t have enough aeroplanes to go around.”

Another factor in the freighter conversion market is the focus of the aviation industry and its customers on the environment and the need for cleaner, more efficient aircraft in the future.

“You have to look ahead 10 or 15 years, because fuel efficiency and carbon emissions – but also emissions in general – are going to be at the forefront of everything we do.

“I think that operators who

are flying only the most fuel- and flight-efficient aircraft are going to be standing in the decades ahead.

“The B777 is a good step in the right direction in removing some very fuel inefficient freighters such as the MD-11 and B747-200, -300s and -400s, which are clearly disadvantaged with the intense scrutiny on emissions.”

Room for two

McCarthy says there is room for at least two conversion houses in the B777 market. “It is no secret that we at Mammoth and IAI are under the gun to produce the planes as quickly as possible because demand is upon us right now,” he states. “With these widebody B777 programmes, if you have a well-oiled machine, you can produce four to five aircraft per line, per year – that is not unusual.

“This will not be one of those programmes that lumbers into one production line at a time. We have to be setting up and scaling ourselves for six to seven lines at least to meet the tsunami of demand that we are facing.”

It’s a well-named company, judging by the mammoth conversion task ahead.

‘I think that operators who are flying only the most fuel- and flight-efficient aircraft are going to be standing in the decades ahead’

Brian McCarthy, Mammoth Freighters



Photo: Shutterstock

Participants at the recent World Cargo Summit do not expect pandemic-pumped air cargo rates to ease any time soon, given continuing problems in getting goods from A to B, writes **Rebecca Jeffrey**

Rates set to stay high

Strong air cargo rates are set to continue but so will capacity and ground handling challenges.

That was the takeaway from the World Cargo Summit's Air Cargo Market Update & Outlook session, which focused on the outlook for 2022 and beyond.

Niall van de Wouw, managing director at CLIVE Data Services, said that data comparing the fourth quarter of 2021 to the same period in 2019 showed rates had continued to increase globally and were on average two and half times as high as pre-Covid.

It became tougher to move goods because of the challenges ground handling staff faced in loading/unloading freighters. This led to congestion, which affected throughput.

"The difficulty in getting goods from A to B pushed up the rates to unprecedented levels," he said.

In the first two weeks of January 2022 compared to the same period in 2021 rates were up more than 40%.

"Looking ahead we currently see no fundamental changes in the dynamics that are

causing these rates to be at these levels," predicted van de Wouw.

Abel Alemu, managing director, Ethiopian Cargo & Logistics Services, said that Covid-related labour shortages and quarantine restrictions "will keep capacity tighter for longer" and that this might result in "persistently elevated airfreight rates".

He noted that reduced bellyhold capacity would also contribute to the "upwards pressure on airfreight rates".

Capacity squeeze

Industry stakeholders agreed that due to full order books for freighters, capacity would remain in demand.

Reto Hunziker, group cargo director for charter broker Chapman Freeborn, said the company had managed this by using in-house own-controlled capacity, including Bluebird Nordic B737s and Magma Aviation B747s, plus third-party carriers. He said zero LOPA configuration aircraft had also helped.

Konstantin Vekshin, chief executive officer of Volga-Dnepr Group, said the company had resumed its Antonov 124-100 operations in

2021, but that the 12-strong fleet's estimated lifespan of 10-12 years was a concern. "It is a very unique piece of equipment and there is no replacement for it."

Ethiopian Airlines Group is working with Israel Aerospace Industries (IAI) to launch a B767-300ER freighter conversion line in Ethiopia. Ethiopian Cargo also operates 20 freighters (correct at time of writing).

Handling restrictions

Ground handling support with regards to staff shortages and restrictions is also a major concern.

Alemu pointed out that some airports in Europe had said they would not handle freighters, while US ground handlers also had restrictions.

Hunziker said Chapman Freeborn had faced cancelled flights and delayed cargo clearance from airports of up to five days.

"We have very big challenges with freighters especially out of China and Kong Kong both into Europe and the US."

As a result, there has been a shift to Vietnam and Korea.

Vekshin added that Volga-Dnepr would await China's legislation this year following the country's ban on freighters.

"If they're sticking to their plans that may be a game-changer for the industry, at least for 2022...as it will affect all of us."

Pharmaceuticals, PPE and e-commerce demand are set to continue to be strong drivers for the air cargo industry, according to Alemu and Hunziker.

Alemu said that in the second half of 2021 major trade lanes had been China-Europe, China-Latin America and Southeast Asia-US. The company saw big growth in Southeast Asia and recorded the largest expansion in Latin America.

Hunziker stated that growth was recorded worldwide in 2021, driven by China.

Van de Wouw confirmed that US volumes grew by 30% in 2021 compared to 2020, when it was hit hard by Covid. Asia Pacific growth remained high in 2020 because of PPE trade, so 2021's figures were not much higher.

He explained that the Europe to US market was much stronger than the US to Europe one, adding that Asia Pacific into the US "dwarfs" the market in the opposite direction.

While oceanfreight congestion and reduced belly capacity is driving air cargo demand, the industry has no control over these factors, so uncertainty over the sustainability of growth remains, said van de Wouw.

He predicts that as passenger demand returns "things will get worse" initially as there will be less room for cargo and pressure for capacity until flight frequency increases – but he doesn't "see that happening anytime soon".

High demand for production and converted freighter aircraft will continue beyond the Covid pandemic, according to speakers at the World Cargo Summit.

During a panel discussion, participants were asked by moderator Tom Crabtree of Boeing Commercial Airplanes whether the end of the Covid pandemic would equate to the end of the freighter boom that the sector has experienced over the last two years.

Robert Convey, senior vice president sales and marketing at conversion firm Aeronautical Engineers Inc, said that it had solid backlogs for this year, was at around 85-90% full in 2023 and was now selling into 2024, adding that a rise in e-commerce, which tends to utilise the speed of service of air cargo, was one reason for continuing demand.

“My guess is that it is going to [be] mid-2024 rolling into 2025 before we start seeing a slowdown [in demand for narrowbody freighters]. It is driven by Covid [causing a lack of belly capacity] and also online demand, with people getting more and more comfortable with ordering online.”

Refael Matalon, vice president and general manager marketing, IAI Aviation Group, agreed that demand for freighter aircraft would continue beyond the pandemic. He pointed out that IAI’s B767 conversion programme was fully booked in 2018 and 2019 before Covid hit, adding that the impact of Covid on the passenger market meant airlines/lessors were looking to diversify their fleets into freighters to reduce risk.

“I don’t think we will feel some dramatic drop in demand for slots in the next two or three years,” he said.

Fleet replacements

Brian Hermesmeyer, Boeing director for product marketing and freighter customer lead, said that some of the demand for new all-cargo aircraft came from the need to replace the older freighters currently being used – a market driver unrelated to Covid. Stricter emissions regulations would also drive the need to replace older models, he said.

Shippers had also grown used to the reliability and speed of dedicated airfreight operations in light of the supply chain challenges over the last couple of years, which may also support demand for freighters.

Boeing expects the air cargo market to grow at a compound annual growth rate of 4% over the next 20 years, further fuelling demand.

“Operators are coming under significant pressure to reduce their carbon footprint and one of the ways to do that is re-fleeting,” he said. “With the size of the large freighter fleet out there and the growth in this space, that is what has got people looking at it right now.”

He added: “The disruption of supply chains

No let-up in freighter demand

Panellists at the World Cargo Summit agreed that demand for freighters would remain high in the coming years as operators look to diversify risk and replace their ageing aircraft. **Damian Brett** reports



that we are experiencing right now is really causing people to have a second look at the reliability and efficiency of air cargo and how that plays into their supply chains.”

Crawford Hamilton, head of freighter marketing at Airbus, agreed: “It is a long-term business and there are an awful lot of old aeroplanes out there that are frankly past it. It is incredible to see these aircraft fly, but do they really have a place in the modern world?”

“You will also see a push on sustainability on some of the older aircraft.”

There are also new and returning freighter customers, the panellists said. Airlines and aircraft operators that had previously left the freighter market were now considering returning, said Convey, echoing Matalon’s comments around the need to diversify.

“The combination carriers seem to be

making a bit of resurgence on the narrowbody [freighter] side,” said Convey.

“Companies that wouldn’t have thought about [operating freighters] previously are now looking at it as a way to protect themselves if there is another downturn.

“We are seeing a new breed of operators step up to the plate, whether to lease or convert some of their own aircraft just as a defensive play. Whether that is long-term, it remains to be seen.”

Hamilton said cash-rich container shipping lines had also been investing in freighters recently, with CMA CGM one of the first to order Airbus’ recently announced A350F.

Hermesmeyer said that there were also questions over the return of belly capacity and that flights on certain routes might change in the long term.



Covid-19 volumes, such as the test kits pictured, have boosted volumes

LEJ proves it's a magnet for cargo

German cargo hub Leipzig/Halle (LEJ) continued 16 years of successive freight volume growth in 2021, registering another record year with a 15% surge to almost 1.6m tonnes.

Air Cargo News interviewed Mario Patyk, head of business development cargo/logistics at airport owner Mitteldeutsche Flughafen, about the key points of 2021.

Patyk explains: "The growth process was particularly significant during the fourth quarter of the year. We set new records at Leipzig/Halle during the months of October, November and December.

"If we look at December, for example, the figure amounted to more than 149,000 tonnes. This represents an increase of 5.8% compared to the quantity handled in the previous year."

Patyk reports that volume growth is being sustained by the boom in express and e-commerce business while freight charters

Leipzig/Halle continues to reach record highs, attracting both traditional cargo freighter operators and those involved in the express and e-commerce sector. So what's its secret? **Roger Hailey** finds out

also increased "significantly".

PortGround, the aircraft and freight handling subsidiary of Mitteldeutsche Flughafen, handled up to five times more flights in the final months of 2021 compared with the whole of the previous year.

Those extra flights included more than 100 freight charters with medical goods such as Covid-19 rapid tests.

For the most part, passenger planes operated by Aeroflot, Ural Airlines, Nordwind, Rossiya, Neos, Wamos, Hi fly or Mongolian

were used for such charters.

Freighters were also deployed, ranging from the AN-225 to AN-124s and even Boeing B747 and B767 aircraft.

In addition, the German armed forces handled the return transport operations for its technology from Afghanistan through the German airport using AN-124 aircraft operated by Antonov Airlines within the scope of the Strategic Airlift International Solution (SALIS) Programme.

Adds Patyk: "We have also been able to

welcome a new customer right at the beginning of 2022. Aerotranscargo has just started operating the LEJ–Zhengzhou (CGO) route with B747F aircraft four times a week.”

Global e-tailer Amazon has joined DHL in choosing the airport as a hub.

Looking to the current air cargo market and his expectations for the coming months, Patyk says: “Developments in the express and e-commerce market have been extremely dynamic right around the globe.

“We therefore assume that the growth process will continue in this sector – and our customers view things similarly.

“DHL is our largest customer in the freight sector and is planning to grow even further at the site. There is currently a public planning procedure in place to extend the apron areas that are used by DHL.

“We are also planning to newly construct the necessary taxiways to connect them to the runway system. Investments totalling approximately €300m are planned for this project alone.”

What are the properties which make Leipzig a magnet for the express/e-commerce and traditional cargo freighter operators?

Patyk says that the airport is an “ideal logistics platform”, citing modern multimodal infrastructure with direct connections to the trans-European motorway and railway systems as well as with seaports.

“A truck can reach 15 European countries from Leipzig/Halle within eight hours. In addition to having a 24/7 operating permit for cargo flights, we have two runways, which are 3,600 m long and have no weight restrictions.

“Then there are the short distances to and from the aircraft and the development areas. All this offers our customers reliability for their planning work and investments.”

He adds: “And thanks to these site factors, we have been able to attract another innovative and dynamically growing e-commerce company in the form of [luxury fashion platform] Mytheresa.

“This perfectly fits with our strategy of seeking to become the leading logistics region in Europe.”

Continuing investment

The hub continues to attract logistics investment. In January 2021, DHL Global Forwarding expanded its Life Sciences & Healthcare facility by around 2,500 sq m, while in March 2021 Volga-Dnepr and Leipzig signed a Memorandum of Understanding (MoU) to set up an Emergency Logistics and Humanitarian Hub.

Says Patyk: “We believe that we have huge potential in the emergency logistics sector, beyond the current situation. We would like to actively make use of this by co-operating with our partners such as Volga-Dnepr.



Handler PortGround achieved CEIV Pharma certification in 2020



‘Developments in the express and e-commerce market have been extremely dynamic right around the globe’

Mario Patyk, Mitteldeutsche Flughafen

“Leipzig/Halle is already an important hub for humanitarian logistics, particularly in the battle against the Covid-19 epidemic. This is evident from the charter flights operated by passenger planes.”

In addition to these flights, sometimes “dozens per month”, freighters are frequently being used to transport medical aid supplies such as protective equipment and Covid-19 tests to and from Leipzig.

Patyk states that the airport’s cargo handler PortGround plays an important role for this development: “Our subsidiary can offer handling solutions for all types of aircraft and consignments in a flexible way, around the clock, to cater for the complete supply chain – and it also has achieved [IATA] CEIV Pharma certification.”

As a result, several flights carrying vaccines on behalf of a UN organisation took off for Africa last year, including IL-76s operated by Volga-Dnepr Airlines. An IL-76 also transported several tonnes of the BioNTech/Pfizer vaccine at the start of 2022.

“Cargo planes have also flown aid supplies to Lesbos and South America on behalf of the German Red Cross.

“As you can see, we have huge experience in handling freight that involves aid supplies – and we want to expand these operations even more in future.”





A dramatic shift in freight distribution has left cargo airports bursting at the seams but some regional airports with spare capacity, states Stewart Angus, dnata

Flying on the winds of change

It has been a tough couple of years for cargo handlers. Being one of the more labour intensive areas of the air cargo industry, the sector has had to manage staff shortages due to isolation regulations while also having to deal with changes to the flow of supply chains, financial pressures and emerging customer requirements.

But the sector has adapted rapidly to these challenges which have even driven innovation, according to dnata regional chief executive for Europe, Stewart Angus.

Angus – a 17 year veteran of dnata who last year moved back to Europe to take up his current role and who has also worked for British Airways and Emirates – makes the point that necessity is the mother of invention.

He says one of the biggest changes to the market that dnata has experienced is the distribution of cargo at fewer hubs.

“If you look at the overall cargo volumes they are quite stable so it seems like we are back to where we were, but the reality is far from that,” he explains. “What we have seen is a dramatic shift in cargo distribution.

“Previously, belly cargo was driven by passenger demand and you would have aircraft flying into a range of airports. Because that belly network isn’t there to the same extent that it was previously, that capacity has been taken up by freighters and those aircraft are going to where the end market is.

“This means that cargo airports are bursting at the seams whereas some of the regional airports have spare capacity and that creates challenges on both sides.”

Angus says one way dnata has met the challenge of cargo consolidation is by expanding capacity. In Europe, the handler last year added extra space in Brussels and Amsterdam and opened a new facility in Manchester.

The pandemic has forced considerable change on cargo handlers in the last two years. But as dnata’s European chief executive points out, necessity is the mother of invention. **Damian Brett** reports

Workforce developments

As mentioned, workforce issues caused by quarantine requirements and the changing dynamics caused by the consolidation of cargo has been another challenge.

Transferring underutilised staff from the passenger side of the business to cargo is one way dnata has tried to meet demand.

Angus says staff from the passenger side responded well to the move while unions and labour organisations have been supportive.

The company also turned to innovation to help meet demand: “We predicted a lot of things well at the meetings at the beginning of the pandemic but two things we didn’t predict were the pressure on labour – I don’t think anyone saw that coming to be honest – and the quite unprecedented level of innovation in our business,” says Angus.

“The pressure of the pandemic and the existential threat to our industry created innovation and we looked at different ways of working – the greatest driver of innovation is necessity.

“I’ve been thrilled with the amount of innovation coming through the organisation in the last two years,” he says, giving the example of drones being used in Dallas to carry out weight, dimension and stock checks – something that is now being rolled out in other locations – the automation of dangerous goods checks, and also the use of technology

that helps optimise the build-up of pallets.

He says these technologies help increase accuracy and automate data transmission.

“This reduces human intervention and allows us to redeploy people to tasks where we need them, and not on mundane tasks like measuring weight and dimensions and then inputting them into a system,” Angus says.

He adds: “These examples show how technology is helping us elevate the manpower challenge but in a way that is also good for consistency and revenue generation.”

Planning has also become more complex due to the pandemic, creating further issues on the staffing front – and here the flexibility of dnata’s handling teams has been key.

“With passenger networks you know when the aircraft is coming in and it is easy to roster,” Angus says. “Freighters by their nature tend to be more ad hoc – they fly when the freight is ready, which makes it harder to plan. We have the responsibility to meet that demand but it is very challenging.

“I have been delighted by the way in which our managers and staff have shown flexibility in the way they have worked in order to meet the demands of our customers.”

Another new development handlers have had to cater for in the last two years has been that of cargo-in-the-cabin flights. Loading and unloading cargo from seats and through a narrow cabin door can be incredibly labour



Among dnata's recent investments has been the opening of dnata City North in Manchester

→ intensive, and Angus explains that before dnata could start to handle these flights, the company needed to complete risk assessments and gain the necessary approvals to begin unloading the cabins.

The cabin flights also piled further pressure on labour, he says, with as many as 25 people needed to unload a widebody cabin.

This issue has become more acute in the last few months because the emergence of the more transmissible Omicron variant has put extra pressure on the workforce.

One way the company managed the situation was through an innovation from its handling team, which saw dnata convert passenger steps into a chute to carefully slide cargo down from the aircraft without damage. The innovation was initially developed at Heathrow but has since been used elsewhere.

Looking ahead, Angus expects the use of cargo-in-the-cabin flights to reduce but continue "at the edge" for some time.

"The reality is that there aren't enough freighters out there," he says, adding that the decision on when to end the flights is also in the hands of the regulators that gave temporary approval for the use of cabins to carry cargo.

Investment decisions

The pandemic has also put pressure on the finances of handlers as the passenger side of aviation faced up to a large reduction in flying. However, Angus says that dnata took the decision to continue with its investment projects early on in the pandemic.

"If you go back to the days of April 2020, we had to decide whether or not we should continue with these investments and we made a deliberate decision that we would be around

in five years from now so we needed to keep investing," Angus says.

Outlining the company's recent investments in cargo, Angus points to the opening in September 2019 of dnata City East at Heathrow, a new dedicated 18,000 sq m facility for Virgin and Delta. In January 2021, meanwhile, dnata City North was opened in Manchester – a 13,000 sq m facility.

Looking ahead, the company will add dnata City East phase two at Heathrow in the first quarter of this year – a 15,000 sq m facility for Virgin and Delta complete with pharma and perishables facilities.

In continental Europe, dnata is working towards a new 50,000 sq m facility in Amsterdam that is expected to open in 2024.

The company has also been investing in technology, putting in extra pharma and perishable capacity at the Manchester and Heathrow facilities, which can hold up to eight full pallets, and adding cool chain capabilities in Brussels.

"Some of the technological developments we have built into the new facilities are great," says Angus. "For example, in Manchester we have a fully automated Elevating Transfer

'The cargo volumes we are handling today are in line or marginally higher than pre-covid levels, despite there being less belly capacity'

Stewart Angus, dnata

Vehicle system where we store built-up cargo. This isn't new in itself, but overnight it uses algorithms to move cargo from one storage bay to another so that when it comes to load the aircraft the cargo is in a more efficient position."

dnata is also working towards a new cargo system that will be rolled out globally and will offer increased automation and tracking capabilities. The system is in advanced testing and the roll-out has already commenced.

Sustainability is another area of focus. On the environmental front, facilities are built with solar power capabilities, use electric vehicles where possible and conform to BREEAM standards (a globally recognised assessment programme for sustainability).

The new facilities also feature access and storage for bikes and the new Manchester building even has a gym for staff and customers.

Looking ahead

One of the big questions at the start of the year, given the amount of uncertainty, has been the demand outlook for the months ahead. But Angus thinks that demand will stay strong.

"Broadly speaking, the cargo volumes we are handling today are in line or marginally higher than pre-covid levels, despite there being less belly capacity," he says.

"That demand surged for two reasons; firstly health care requirements around the pandemic and secondly e-commerce"

Angus says that as the world moves into a new phase of the pandemic, the requirement for masks and test kits will remain strong.

Meanwhile, the switch from bricks and mortar retail to e-commerce is a trend that was already in motion.

"The pandemic created a jolt that brought forward a progression that would have happened over the next 10-15 years anyway," he states. "As this is a jolt in an emerging trend, it would be logical to say that is going to carry on."

Angus adds that the increase in e-commerce is likely to be beneficial for airfreight. He explains that end consumers are prepared to pay more for a speedy service which should filter through the supply chain.

In conclusion, Angus says, the pandemic has demonstrated that people can work hand in hand with new technology to overcome challenges.

"The last two years have been a combination of driving technical innovation to automate processes and on the other hand good communication and teamwork to cope with unusual situations," he states. "You need both: you need technology but you also need good managers that can respond to the challenges that are coming up."



Freight forwarder Flexport is predicting another tough year for air cargo supply chains and believes it could be ten years before the supply and demand balance returns to pre-Covid levels.

Speaking during a webinar, the forwarder's executive vice president airfreight, Neel Jones Shah, pointed to Accenture-Seabury statistics showing that last year, air cargo capacity was down by 7% compared with 2019 levels as a result of belly capacity being cut by 39%.

He said that freighter operators had made a "valiant effort" to plug the gap between supply and demand but it had not been enough to avoid capacity problems.

Shah predicted tough market conditions for at least the first six months of the year as the world contends with the Omicron variant of Covid-19.

He reasoned freighters would need to complete maintenance cycles – temporarily taking them out of the air; the Omicron variant of Covid would continue to play havoc with passenger demand; and that Covid would also affect staffing levels at airlines, handlers, in road transport and on production lines.

Brisk demand

Demand, meanwhile, is expected to remain brisk as consumers continue to spend and volumes are transferred from troubled ocean shipping operations.

He said: "40% of passenger capacity is still grounded and some of it will never return. That is the long-term impact that Covid will have on travel patterns."

He explained that the business-class travellers that airlines relied on to fill the front of the aircraft may not return to previous levels as firms re-evaluated the need to travel.

"This has the potential to reshape the supply/demand capacity balance for the next ten years," he added. "In the face of this capacity situation we have actually had one of the strongest market places we have ever had."

"Things could get worse when it comes to rates and transit times before they get better, although there is light at the end of the tunnel, particularly in the second half of 2022."

Shah added: "We think the demand patterns are quite strong. The economies in Europe and the US are doing quite well. We have inventory to sales ratios that are the lowest they have been since this metric has been recorded. So we do believe that 2022 will be a robust year for airfreight, partly driven by the demand patterns and partly by the ocean market that continues to be severely congested."

To combat the situation, Flexport, like many of its rival forwarders, is turning to air charter operations to secure capacity.

In February, the company announced a deal



Flexing for the upturn

Freight forwarder Flexport predicts a difficult market in the first half of 2022 and is therefore busy securing additional air cargo charter capacity, as **Damian Brett** reports

with JetOneX, which currently operates B747Fs, to provide services on the Asia to Europe trade lane.

The freighter service will operate twice a week between Hong Kong and Maastricht (MST) and once a week between Ho Chi Minh City and MST.

"Disruption in the airfreight market caused by global uncertainty and rapidly changing Covid regulations continues to result in cancellations and volatile pricing for our customer," said Shah.

'Things could get worse when it comes to rates and transit times before they get better, although there is light at the end of the tunnel'

Neel Jones Shah, Flexport

"By partnering with JetOneX, we're able to grow our capacity, and our customers will enjoy best-in-class service flying into an uncongested MST airport as a gateway for the rest of Europe."

"In the future, we plan to build upon this service to create a network of scheduled services that our customers can rely on whenever they need it."

Bolstered network

The announcement came shortly after the forwarder expanded its charter partnership with Atlas to add a third B747-400 freighter from September. The long-term charter agreement will broaden Flexport's network of dedicated freighters to include services from Asia to Los Angeles (LAX), Miami (MIA) and soon, Chicago (ORD).

Also, Eastern Air will begin flying its B777 express freighters on behalf of Flexport, following FAA approval, with twice-weekly services between Chicago and Hong Kong airports, as well as between Chicago and Saigon's Ho Chi Minh City hub.





Image: Airbus SAS

New freighters set to clash

With Boeing B747 production finally set to close – as the last B747-8 freighters are delivered to Atlas Air – heavy cargo twinjets will open up an entirely new battlefield between the two major airframers in 2022.

Airbus and Boeing might not agree on much, but their commercial outlook for the newbuild freighter market over the next two decades is markedly similar.

Their respective forecasts to 2040 predict deliveries of 880 and 890 new freighters over the 20-year span – sufficient demand, the companies believe, to warrant developing new dedicated large widebody freighters.

Airbus was the first to move when last year it announced the A350 freighter in a bid to end Boeing's effective monopoly of the heavy freighter market, directing resources to a sector in which its track record has been sketchy. Meanwhile, in January, Boeing announced its own plans to launch the B777-8 freighter as it looks to stave off competition from its European rival.

The announcements come as Covid has caused the aviation sector to re-assess how it views cargo.

While cargo capacity available through dedicated freighters matched that of

With passenger aircraft carrying less freight as a result of the pandemic, the battle between Airbus and Boeing is set to shift to newbuild freighters, write **David Kaminski-Morrow** and **Damian Brett**

widebody passenger aircraft just before the pandemic, Boeing says this balance tipped “decidedly” in favour of freighters (to as much as 80%) as passenger fleets were grounded in the crisis.

Over the first half of 2021, dedicated freighters still accounted for 70% of capacity.

“Freighter operators responded to the pandemic disruption by operating above-normal utilisation levels, delaying freighter retirements and bringing new and parked aircraft into the fleet to fill the lower cargo hold shortfall,” Boeing says.

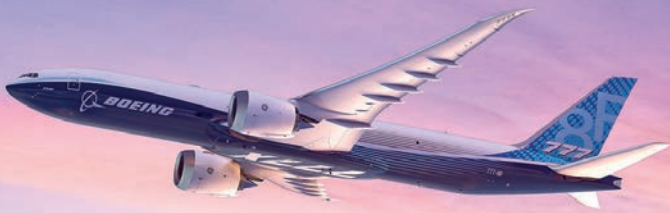
Airbus insists it is not attempting to catch the ‘pandemic wave’ of cargo activity but rather focusing on the withdrawal of older three and four-engined freighter types. Some 120 MD-11 freighters and 220 older-variant B747 freighters are in service.

Airbus expects total 80-tonne-plus freighter demand to amount to 540 aircraft, but conversions of older widebody aircraft – particularly through emerging modification programmes for the B777 – will inevitably account for a proportion of this requirement.

Airbus chief commercial officer Christian Scherer says the combination of twinjet efficiency and range is where “freighter economy shows”, and the manufacturer is “excited” about the A350F's potential.

Early customer CMA CGM Group says the A350F's payload will be more than 100 tonnes and it will have a range of nearly 9,000 km.

Airbus says that more than 70% of the airframe is made of advanced materials, resulting in a 30 tonne lighter take-off weight and generating at least a 20% lower fuel burn than its current closest competitor.



Airbus has launched the A350F (left) while Boeing has added the B777-8F in response to cargo demand

The aircraft features a large maindeck cargo door and a fuselage length optimised for cargo operations.

Protecting the planet

Environmental considerations have also played a part in the launch of the new freighter aircraft.

Airbus says that current production freighter aircraft are not ready for the 2027 ICAO CO₂ emissions standards. It believes these new regulations will result in a wave of replacements as existing newbuild widebody freighter programmes become obsolete.

The airframer explains: “With a 109 tonne payload capability (plus three tonnes/11% more volume than its competition), the A350F serves all cargo markets (express, general cargo, special cargo) and is in the large freighter category the only new generation freighter aircraft ready for the enhanced 2027 ICAO CO₂ emissions standards.”

Others have also ordered the A350F, or at least signalled their intent to order, as it has taken an early lead over its rival from Boeing.

In November, Air Lease became the first company to sign up for the new freighter model. Then Singapore Airlines did a deal for seven A350Fs, Air France KLM signed a LOI for four A350Fs and purchase rights for an additional four aircraft and Etihad signalled its intent to order seven.

Benjamin Smith, chief executive of the Air France-KLM Group, says: “These evolutionary orders will position our Group airlines on the path to improved performance while accelerating our decarbonisation trajectory.

“The outstanding performances of the A320neo family and of the A350F full-freighter, which are quieter, more fuel-efficient and more cost-effective aircraft, make them the best choices for the long-term growth of our fleet. They will be instrumental in reaching our ambitious targets, including zero net CO₂ emissions by 2050.”

Meanwhile, Boeing launched its new widebody freighter in January with Qatar Airways placing an order for up to 50 of the aircraft.

The Middle East-based airline ordered 34 of the aircraft with options for a further 16 in a deal that is valued at more than \$20bn, based on list prices. It is the largest freighter commitment in Boeing’s history by value.

Boeing said the B777-8F, which will be part of the B777X family, offers a maximum structural payload of 118 tonnes and a range of 8,167 km. The first delivery is expected in 2027.

“With payload capacity nearly identical to the B747-400 freighter and a 25% improvement in fuel efficiency, emissions and operating costs, the B777-8 freighter will enable a more sustainable and profitable business for operators,” Boeing says.

The widebody B777X family features engineering design improvements and innovative technologies, including a new carbon-fibre composite wing and new fuel-efficient engines, Boeing adds. The aircraft will be built at the airframer’s Everett, Washington site.

Qatar Airways Group chief executive Akbar Al Baker says: “Boeing has a long history of building market-leading freighter aircraft and

‘These evolutionary orders will position our Group airlines on the path to improved performance while accelerating our decarbonisation trajectory’

Benjamin Smith, Air France-KLM

Qatar Airways is honoured to have the opportunity to be the launch customer for the 777-8 freighter, an aircraft which will not only allow us to further enhance our product offering for our customers but also help us meet our objectives to deliver a sustainable future for our business.

“We certainly push Boeing hard to deliver upon our expectations, and the team at Boeing consistently strives to meet and exceed our expectations, giving the opportunity for us to be here today to launch the most significant new freighter aircraft for a generation.”

Of Qatar’s 34 B777-8F orders, 20 are conversions of Qatar’s existing orders for passenger B777X, Boeing says.

The B777-8 is smaller than the baseline B777-9. The company previously intended the B777-8 to be a passenger aircraft, but shelved that programme in 2019.

Boeing’s first B777X – the B777-9, a passenger jet – remains in the certification process, with the airframer aiming to deliver the first by late 2023. All B777X have GE Aviation GE9X powerplants.

There is other competition. Both Boeing and Airbus will have to pitch a case against the economics of converting older B777-300ERs and B777-200LRs, to which the airframers do not have a direct response.


Israel Aerospace Industries (IAI) and Mammoth Freighters are developing conversion programmes for the B777-300ER, each providing a payload capability of around 100 tonnes. Mammoth has a B777-200LR conversion in progress, for which it cites a 106 tonne payload. IAI also plans to offer its own B777-200LR modification.

Cargojet Airways will be the launch customer for Mammoth Freighters’ B777-200LR freighter conversion programme. The Canada-based lessor and operator has initially signed up for two B777-200LRMF freighters, with options for two B777-300ERMFs and two additional B777-200LRMFs.

And lessor Gecas is the launch customer for the IAI programme. It has signed up with 18 firm orders and 12 options.

Airbus expects express freight traffic to rise at a faster rate than general cargo – some 4.7% against 2.7% – and, as a result, it predicts the proportion of express freight in global air cargo traffic will rise from 17% in 2019 to 23% by 2040.

Boeing states that e-commerce was rising at double-digit rates before the pandemic, driven by the convenience of online retail. It puts the traffic growth to 2040 at 4% per year, compared with the pre-crisis baseline.

It says there are indications of supply chain diversification, and its forecast assumes “potential shifts” in specific destinations – but no “fundamental macro demand changes” to global supply chains served by air. 

Extraordinary times in air charter

There's little sign that the boom in air charter will level off anytime soon, with many of those who began chartering their own aircraft in the pandemic planning to carry on doing so, writes **Chris Lewis**

The last couple of years have been a period as never before in air chartering. The triple whammy of an upsurge in demand due to Covid-related shipments – PPE, test kits and the vaccine – coupled with the drastic cutback in scheduled passenger flights and their bellyhold capacity and the near-collapse of global shipping schedules sent shippers scurrying for an alternative. And that alternative generally means chartering your own aircraft.

Freight forwarders and even shipping lines have set up their own air operations.

France-based CMA CGM Group – essentially a containership operator, although it does have an interest in Ceva Logistics – has five freighters in operation already and is building up to a nine-strong fleet with an order for four new Airbus A350Fs.

Another French firm that appears to be here to stay as an operator of chartered capacity is forwarder Geodis, which started its own AirDirect freighter service using its own planes in its own livery in September 2021.

Eric Martin-Neuville, executive vice-president of the freight forwarding line of business, says he is “extremely happy” with the progress made by the operation so far, with average payloads of over 90%.

Geodis is planning to continue to expand AirDirect. It had, by the end of 2021, added two weekly rotations within Asia to its global

programme and was in the process of finalising an extension of its Asia to Mexico rotation up to 2024.

In January, the freight forwarder expanded the service even further, with new weekly services from Kuala Lumpur to Shanghai and Sydney and a second weekly rotation between Kuala Lumpur, Hong Kong, Chennai and Kuala Lumpur, dovetailing with its road network to and from destinations throughout Southeast Asia.

Geodis says the move is in response to ongoing delays and flight cancellations across Southeast Asia due to the Omicron variant.

However, Martin-Neuville says: “We consider that we need a little more experience of operating our own airframes prior to deciding to further extend our fleet and thus our capabilities to operate charters. However, at this stage all indicators are encouraging.”

Without AirDirect, “we would certainly have seen a shortage of capacity.”

He adds: “We have up to now been able to serve our customers adequately during this exceptional peak period on all trade lanes and the fact that we had added our own capacity at the end of the summer played a big role together with the other services we operate within our controlled network.”

That said, Geodis will continue to predominantly rely on commercial capacity.

“Our business model is to operate an asset-light structure and the own-controlled



network is a solution to the present capacity shortage, acting as security for our customers against future supply shortages, and providing additional agility in being able to deploy the right level of capacity at the right time on the right trades.”

Busiest ever

The traditional charter operators have been exceptionally busy too. Global sales agency for full charters, Air One Aviation, saw its busiest ever year in 2021 as its partner airlines – AeroTransCargo, Aviation Horizons and ROM Cargo – ramped up their freighter fleets.

The UK-based company, which has exclusive sales agreements to market eight B747-400Fs and two B737-400Fs, organised over 2,500 cargo charters over the 12 months, carrying 275m kilos to more than 50 major airports – especially, though not exclusively, from China into Europe, and also into Africa, South America and Australasia.

Air One chief executive Paul Bennett says he expects the demand seen in 2021 to continue throughout 2022 and into 2023 with more B747F capacity anticipated later this year as well as other aircraft types as it signs working arrangements with new airlines.

His best advice to anyone looking for full charters over the next 18 months is: “Plan ahead because there will be very limited capacity available for anyone looking to ship goods at short notice.”



Volga-Dnepr Group says there has been a revival in scheduled flights but that charter levels remain high

For Ukraine-based Antonov Airlines, commercial director Andriy Blagovisniy says that business is booming as never before and its fleet of specialist large aircraft is exceptionally busy.

He explains: “We had a very successful year in 2021 and we broke records; it was 15% up compared with 2020, which was itself a record year. We expected a slowdown after Christmas and New Year but it’s carried on and there is no sign that it is reducing.”

Even the ultra-large AN-225, which tends to be used only for specialist tasks, has been flying almost continuously while the AN-124 fleet has also been kept very busy.

The need to ship PPE and Covid testing kits has kept aircraft full and pent-up demand that had been put on hold during the Covid pandemic is now being shipped – auto parts, aerospace components, satellites,

‘Plan ahead because there will be very limited capacity available for anyone looking to ship goods at short notice’

Paul Bennett, Air One

aircargonews

semiconductors, computers and equipment for the bitcoin industry, to name a few.

There has also been an uplift in project cargo, some of which reduced during the pandemic but is now coming back on stream.

And, says Blagovisniy, due to the lack of scheduled aircraft capacity, even specialist heavy-lift operators like Antonov have received many requests for charters for general cargo that would normally be carried by conventional aircraft like B747 freighters.

But there are maybe the first slight signs that the absolute peak in charter operations may have passed.

Fedor Novikov, marketing director of Volga-Dnepr Group, says the Russian operator noted an increase in cargo charter activity during the second and third quarters of 2020 when the pandemic hit and scheduled cargo operations were disrupted due to quarantine issues, airport closures and national restrictions.

Unforeseen events, including the Suez Canal blockage, sea container shortages and Chinese airport closures, stimulated charter activities worldwide.

“We have seen charter requests coming to and from China, Europe and the Middle East as customers tried to eliminate supply chain disruptions.

“At the same time, there was reviving activity across the Middle East, India, Europe and China when it came to project outsized

logistics,” says Novikov.

However, he says: “We do see that this year scheduled cargo operations were reviving amid the easing of restrictions, reopening of borders and the necessity to support stable supply chains worldwide.

“We have witnessed an increase of over 40% in scheduled operations while charter operations remained basically unchanged.

“Our customers opted for longer term commitments that could be achieved through regular flights and we have seen the tendency is here to stay, as the market needs stability and predictability.”

However, Novikov adds, most experts agree that the market will not be back to normal until 2023-24 amid a slower revival of international travel and passenger operations.

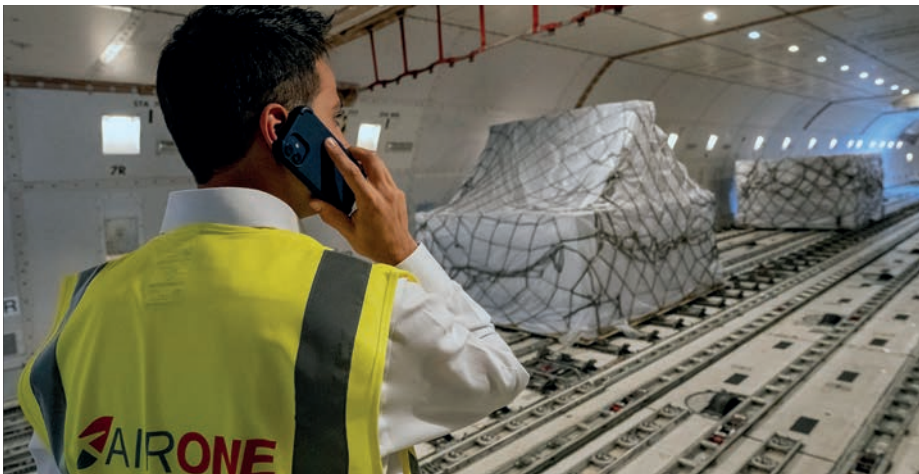
Additional pressure will be imposed by sea freight congestion, container shortages, and restrictions at some airports.

Challenging year

He predicts that 2022 will be another challenging year for air cargo as carriers are again called on to guarantee uninterrupted supply chains across the globe, to the same or even a greater extent than in 2021.

The biggest concern will be to align cargo capacity with expected growing volumes of e-commerce, high tech, automotive and fashion goods.

This year, Volga-Dnepr itself added capacity →



Air One organised over 2,500 cargo charters during 2021, carrying 275m kilos to over 50 major airports

→ with four B737-800BCFs for its Atran Airlines' express carrier fleet but there were some delays due to Covid restrictions.

"Obtaining additional capacity is really challenging these days as widebody freighters are the most desirable asset for operators and they are hard to get," states Novikov.

He continues: "At the moment we are facing a tough market. We have problems with enlargement of the fleet with the lack of freighters and we cannot provide enough capacity to our customers.

"But we are happy to see the situation gradually changing with more conversion lines being introduced and new freighter programmes being launched.

"However, we still see demand for dedicated freighter capabilities, such as the AN-124 or nose-loading versions of the B747."

The process of finding and booking cargo charters has up to now been a fairly manual one, relying on phone calls, emails and personal knowledge on the part of brokers.

There are, naturally, people seeking to bring it into the digital age, though chartering an aircraft is more complex than finding a seat on an aircraft or space in a truck.

Ed Gillett and Simon Watson, directors and co-founders of the UK-headquartered CharterSync platform, are offering an alternative. They started with the intra-European express and urgent delivery market but are now in the process of expanding their scope to include other trades and more types of aircraft.

It's a difficult task, but the prize is tempting, as Gillett explains: "The charter market is still very inefficient, being based on multiple emails and phone calls. We can do it a lot quicker, offering options in minutes."

The burden falls not just on the broker but the aircraft operator, who may have to deal with several calls and emails a day from different brokers about the same piece of business, most of which, of course, will not

result in any paid work. The trick, they say, is to marry clever tech with the broker's experience, and there is no question of trying to replace the experienced human being.

As well as software developers and tech people, CargoSync also employs full-time brokers and the company plans to increase its strength further.

Since starting to trade in 2019, CharterSync has handled a respectable 2,500 charters, but this should expand greatly when it launches its new, global, all-encompassing system at the end of the first quarter of 2022. This will offer automated instant, validated quotes which can be the basis of actual bookings.

'Obtaining additional capacity is really challenging these days as widebody freighters are the most desirable asset for operators'

Fedor Novikov, Volga-Dnepr Group



Antonov Airlines' Andriy Blagovisniy says 2021 was 15% up compared with previous record in 2020

Watson envisages that there will be two types of client – those who still want to work with a broker but still want the benefit of faster quotations, and those who will use the system to book directly.

"The client will also be able to go on the system and book anything from a B747 to an executive jet, including freighters and converted passenger aircraft," he explains.

Like brokers everywhere, CharterSync has had to grapple with an extremely tight market and there is little sign of the situation easing any time soon, although 'preighters' – passenger aircraft flying in cargo-only mode – have been a godsend in relieving some of the pressure, says Watson.

Many clients are using CargoSync to evaluate the price of charter against scheduled rates, and in some cases are pleasantly surprised by what they find (well relatively, at least; airfreight rates are generally at all-time highs).

CharterSync's founders are careful not to pretend to be offering all things to all people. The company has taken steps to filter the operation so that it is not swamped with booking requests, and would not claim to cover the entire global market.

"We've never said that we've offered 100% of the market, and there will always be areas that don't lend themselves to the technology," explains Gillett.

However, the important thing is to make a start in covering the market, and the proof of the pudding, say Watson and Gillett, is in CargoSync's clients winning business against their competitors on the basis of the rates or capacity that the platform provides.

They say that they have the advantage of being first movers in the field, although in the digital world it is dangerous to make assumptions about the potential competition.

Online platforms have the advantage over traditional brokers in that they can step up their operations quickly, without necessarily opening physical offices in specific locations to serve the markets.





AIR CHARTER SERVICE

CHARTER IS THE SOLUTION, FOR THE SCHEDULED CAPACITY PROBLEM.

www.aircharterservice.com

AVOID UNRELIABILITY AND RESTRICTED CAPACITY IN 2022



New routes to the US



This summer season we offer you Dallas route with four weekly rotations from 27 March and a new route to Seattle with three weekly frequencies from 1 June.

All US destinations during summer season 2022: From Helsinki to Chicago, Dallas, New York, Los Angeles and Seattle.

From Stockholm to New York daily, and to Los Angeles four times a week from 1 May.



FINNAIR



Qatar Airways Cargo's fleet currently includes 26 B777 freighters and two B747-8 freighters

Middle Eastern airlines remain confident that there will be sustained air cargo demand in 2022, as belly capacity makes a slow and faltering return to the market.

While the core mechanisms of the air cargo market remain unchanged, the appetite generated for air cargo during the Covid-19 pandemic is unprecedented. This demand, also driven by the shipping container congestion crisis, has firmly put air cargo and its value on the global stage.

IATA data shows that Middle Eastern carriers reported a 10.6% increase in international demand in 2021 compared with 2019, and a 10.1% fall in international capacity.

The trade association reports growth decelerated towards the end of the year, partly driven by a downward trend in volumes on the Middle East-Asia route.

In December 2021, airlines in the region recorded a 5.7% increase in international demand compared with December 2019. Meanwhile, international capacity decreased by 9.2% in December compared with the same month in 2019.

Having assessed seafreight supply chain problems and Covid-19-related government border restrictions halting or restricting belly capacity, Guillaume Halleux, chief cargo

Belly woes still driving demand

With bellyhold capacity still constrained and freighter space still oversubscribed, demand for cargo services in the Middle East looks set to remain rampant this year, writes **Rebecca Jeffrey**

officer at state-owned Qatar Airways, predicts that in terms of demand “2022 is in the pocket – it’s a given. It will be a strong year.”

The behaviour of freight forwarders is also a solid indicator, he says.

“Freight forwarders only commit to space when they feel there is a demand for their customer; they’re all lining up asking for capacity, so that to me is the strongest indicator that 2022 will be a strong year,” comments Halleux.

With belly capacity fluctuating but not returning to a consistent level anywhere near what it was pre-pandemic, plus limited freighter capacity, overall capacity has remained tight.

“We’re still seeing major capacity constraints with regards to airfreight globally,” says Emirates SkyCargo divisional senior vice president Nabil Sultan.

Halleux adds that naturally, restricted belly cargo is still driving the capacity shortage. →

FRANCE



From Paris, Lyon and beyond to the world!

We speak fluent cargo!

Whether it is pharmaceuticals, live animals, or most other commodities;

at Qatar Airways Cargo, we are trained to give your shipments the attention they deserve.

35 Qatar Airways Cargo specialists in France and 1000+ tonnes of capacity/week are at your disposal.

Moved by people
qrcargo.com

QATAR  | **CARGO**
القطرية AIRWAYS



Etihad Cargo says it is working on 'reactive' basis

supported the growth of air cargo business.

Dubai-based Emirates SkyCargo, the UAE's biggest state-owned carrier, has seen a major increase in its pharma business – mostly driven by moving large quantities of PPE and vaccines, says Sultan. "As the pandemic has progressed we've started to move large quantities of the vaccine – especially with the COVAX (co-led by CEPI, Gavi and the World Health Organization (WHO), and delivery partner UNICEF) vaccine equity initiative to get the vaccine to third world countries."

The company has purpose-built facilities in Dubai for the pharma industry at Al Maktoum International Airport/Dubai World Central (DWC), and Dubai International Airport (DXB).

"These are massive GDP-compliant and Ministry of Health-certified facilities with huge capabilities," explains Sultan. "This has given us an edge."

He says Emirates SkyCargo continues to move almost 200 tonnes of pharma daily on its flights to around 140 destinations and expects pharma to remain a large part of the business.

Testament to robust pharma flow, Qatar Cargo is currently building a new terminal for cargo using environmentally friendly materials at Hamad International Airport in Doha, due to be ready for operation in 2026.

Meanwhile, Etihad Cargo is considering how it can expand infrastructure in Abu Dhabi for handling e-commerce business, in addition to having already expanded its current cold store and pharma handling capabilities.

"The e-commerce growth has just been phenomenal," Drew says. "It was growing at an incredible rate pre-Covid and obviously the pandemic has accelerated it, with everyone being at home and buying online. That's

showing no signs of letting up. That growth will just continue."

The UAE national carrier is also looking again at how it can improve its animal transportation infrastructure in Abu Dhabi and develop the UAE capital as an express logistics hub for the future, having recently been awarded IATA CEIV Animals for its LiveAnimals and SkyStable products.

Seafreight congestion

Clearly the air cargo industry has benefited from the ongoing seafreight congestion, but companies are cautious about factoring it into demand projections because it's not possible to be certain how long the situation will last.

Commodities that have traditionally been transported by sea are now being moved by air as a result of goods being delayed at ports and terminals due to container congestion. For example, Etihad Cargo has been transporting tyres, which is a first for the company.

However, Drew believes the shift of commodities from sea to air is not a long-term solution because of the high costs involved. "There's only so long that companies can endure such high supply chain costs," he says. "I don't think it's sustainable."

That said, the end of container congestion is unlikely to arrive this year, Drew adds. "Seafreight constraints are set to continue throughout 2022, which will continue to fuel air cargo demand."

New cargo destinations also demonstrate confidence amongst Middle East carriers.

Last year, Emirates SkyCargo added Guadalajara in Mexico to its cargo network to build on its existing cargo operation to Mexico City. A route to Tel Aviv in Israel, served by Ben Gurion International Airport, has also been planned but stalled due to pandemic measures. "Hopefully once the

→ "Before Covid-19, 66% of the world's airfreight goods moved on bellies and one third on freighters. 80% of this 66% became grounded but the demand for transportation was the same as before."

Belly capacity uncertainty

A key subject since the start of the pandemic has been belly capacity and its correlation to rising airfreight rates, and thus the question of when belly capacity will return remains an area of debate for Middle Eastern carriers.

Halleux says: "Belly capacity is not showing strong signs of coming back to normal." This, he suggests, is because of a lack of visibility over the impact of the pandemic and therefore cautious approaches to reinstating this capacity.

However, the booking window for travel in the third and fourth quarters of 2022 is growing, according to Etihad Cargo. The return of belly capacity that will come to the market will result in some normalisation of yield, explains Martin Drew, senior vice president global sales and cargo at Abu Dhabi-headquartered Etihad, one of the state-owned flag carriers of the United Arab Emirates (UAE).

In terms of the supply and demand outlook for 2022, "it will be a year of volatility and capacity constraints – another high pace year, part of the trilogy that started in 2020", says Drew.

Growth in the e-commerce and pharmaceutical industries, which had already been robust pre-pandemic, have accelerated due to consumer sales online and vaccine distribution initiatives. This has further

'Freight forwarders are all lining up asking for capacity, so that to me is the strongest indicator that 2022 will be a strong year'

Guillaume Halleux, Qatar Airways



الإتihad
ETIHAD
CARGO

Trilogy Achieved

First in the Middle East




PHARMALIFE


FRESHFORWARD


LIVEANIMALS


SKYSTABLES


FLIGHTVALET


FLYCULTURE


SAFEGUARD


FASTTRACK


AIRMAIL


GENERALCARGO

ETIHADCARGO.COM



→ airport opens up we will probably be deploying capacity there,” says Sultan.

Etihad Cargo is working on a reactive basis as it monitors demand. “We have really increased capacity into China, and Vietnam has also become a huge market for us – both Hanoi and Ho Chi Minh,” comments Drew.

Qatar Airways has not announced any new destinations, but like Etihad is focusing on demand as it arises. For example, the company has recently announced a transpacific Hanoi, Vietnam to Los Angeles, US service following demand from multiple customers. “It was a no-brainer,” says Halleux.

The start of the pandemic saw passenger planes grounded and forced airlines to innovate quickly by using these aircraft for cargo. However, finding capacity remains a challenge that Middle Eastern carriers have been meeting by investing in passenger to freighter conversions and newbuild freighters, as well as continuing to use cargo-in-cabin and freighter configurations.

In March 2020, Emirates SkyCargo decided to mobilise its B777 fleet as cargo-only, due to the large capacity available in these aircraft. The airline was operating more than 90 aircraft to almost 100 destinations by the end of 2020. It initially transported basic commodities, later expanding to PPE, vaccines and e-commerce.

Now in 2022, Emirates has reduced its cargo-in-cabin and freighter flights “massively” as it has increased its passenger network to 140 destinations and the belly capacity that comes with this. It is now using

cargo-in-cabin flights on a selective basis until May, when it expects to cease this activity altogether.

Qatar removed the seats on six aircraft to create freighters, or as it calls them “mini-freighters”. Similarly, Etihad has been operating five B777-300 ER passenger aircraft that have been reconfigured to operate as freighters, but Drew confirms that with passenger demand returning “one or two” will soon be converted back to passenger form.

Investment plans

Investment in new freighters and freighter conversions is being planned carefully. Against a backdrop of long lead times it’s not certain what demand there will be once belly cargo on passenger flights is back at full capacity but this year, at least, airlines believe that demand will be sustained.

Etihad Airways signed a Letter of Intent (LOI) in February for seven Airbus A350F

‘There’s so much demand for freighters, you can’t get your hands on them quick enough. On average, you are still looking at a two- to three-year lead time’

Martin Drew, Etihad

freighters to boost its existing fleet of five Boeing B777 freighters. Plus, starting from the first quarter of 2023 – as part of a partnership with aerospace defence company Israel Aerospace Industries (IAI) – Etihad Engineering will be converting B777-300ER passenger aircraft to freighters in Abu Dhabi.

The carrier is also looking at a potential “bridging” solution – for instance, bringing in freighter capacity on a wet lease basis until the company can acquire and start operating converted freighters or newbuild freighters.

“There’s so much demand for freighters, you can’t get your hands on them quick enough,” says Drew. “We’re in a fortunate position that the B777-300 ERs will be converted in Abu Dhabi so this is an option but on average you are still looking at a two- to three-year lead time on both new and converted freighters.”

Qatar Airways Cargo currently operates 26 B777 freighters, two B747-8 freighters, two B777-300ER mini-freighters and four additional freighters that it leases from various providers based on customer demand.

Qatar Airways also made a massive new investment with the order of up to 50 B777-8 freighters in January.

The airline became the launch customer for Boeing’s new freighter, with a maximum structural payload of 118 tonnes and a range of 8,167 km, as it confirmed its order for 34 of the aircraft with options for a further 16 in a deal valued at more than \$20bn, based on list prices. The first delivery is expected in 2027.

“We are not shy of investing and we continue to invest in the future,” says Halleux.

Emirates SkyCargo has committed to two new Boeing 777-200Fs to join its existing fleet of nine aircraft of this type, due to its “incredible fuel consumption and a good operating cost”. The first aircraft is expected in April and the second is due to arrive in June.

Like Etihad, Emirates also has a conversion partnership with IAI. Its B777ER fleet is coming to the end of its life after being in use for around 15 years.

“Converting a lot of these aircraft into cargo makes sense as it adds around 8-10 years’ life by simply doing a conversion,” Sultan explains.

Emirates initially signed a deal for four conversions and anticipates receiving some of the conversions in the last quarter of 2023. It has also concluded an additional six conversion options with IAI.

From the last quarter of 2023 onwards “hopefully we will probably be getting one aircraft every quarter with the conversions all the way until 2026”, adds Sultan.

Overcapacity risk

With so many investments, a major bone of contention is whether airlines should worry about overcapacity.




‘Converting a lot of these aircraft into cargo makes sense as it adds around 8-10 years’ life by simply doing a conversion’

Nabil Sultan, Emirates SkyCargo

The message from Emirates SkyCargo is clear. “The pandemic has proved the need for having this additional capacity available. I think the answer is yes, there is probably going to be good demand for freighter operation in the future,” declares Sultan.

“Personally, I think there’s an argument that yields may never return to 2019 levels but if they do, this will likely not be until 2025/26,” says Drew.

Continuing to stress the difficulty for airlines that a lack of visibility presents, Halleux says: “It’s very difficult to predict what’s going to happen. Many airlines have converted passenger planes into freighters and are in the process of doing so. I think there is a risk for the industry to reach over-capacity once the pandemic is over. But when that time comes, many airlines will suddenly discover it’s not easy to profitably run a cargo operation.”

He adds: “You don’t invent yourself a cargo operator overnight. It works really well now – no doubt because the prices are still very high – but when they go back to normal, it’s going to be a different story. So, the risk is there is overcapacity at some point.” 



The Air Cargo News e-newsletter delivered every Tuesday and Thursday. It’s **FREE!**

REGISTER TODAY

All the latest news, opinion, data and analysis from the airfreight industry.

Sign-up today to receive the Air Cargo News e-newsletter delivered directly to your inbox twice weekly.

aircargonews.net/e-newsletter-sign-up





A massive increase in demand for dedicated cargo space has squeezed freight capacity and left Canada's airlines, airports, forwarders and service providers rushing to keep up, reports **Ian Putzger**

Moving mountains in the land of the maple leaf

It has been a long wait for Cargojet. Canada's largest all-cargo carrier was scheduled to take delivery of a second B767 freighter in October to soak up some of the pressure in the peak season, but the aircraft did not arrive until the end of January.

"We scrambled a bit in the fourth quarter. The peak was busier than anybody forecast," says chief strategy officer Jamie Porteous. "Aircraft are our number one priority. We can't get them fast enough."

The first of Air Canada's converted B767 freighters entered service in December – with a twist.

In response to the torrential rains and flooding that had disrupted road and rail links between the west coast and the interior, it was initially deployed between Toronto and Vancouver before switching to a Frankfurt-Toronto-Vancouver routing.

"Vancouver wasn't on our list. We didn't even have our loader there. We had to move quickly," recalls Air Canada Cargo vice president Jason Berry.

GSSA Airline Services International (ASI), whose airline portfolio includes Ethiopian Airlines and Avianca, has also been busy.

"Business has been very good. Latin America, the Middle East and African markets have been very strong," says ASI president Joe Lawrence. "In some sectors we're seeing capacity constraints."

In several markets capacity has been hard to get hold of, notably on the inbound side.

While the transatlantic was relatively well served, the transpacific arena and the South Pacific have been the most challenging, reports Gary Vince, head of airfreight – Canada at DHL Global Forwarding.

Record year

For Edmonton International Airport, 2020 unexpectedly turned out to be a record year in terms of cargo activity, but 2021 set a new record, says Alex Lowe, manager of global network development (cargo).

The airport's international passenger schedule is down, but cargo charters more than made up for this.

The airport has handled AN-124s and AN-12s, IL-76s and a Lockheed Electra, in addition to the more customary B747s.

'Passenger freighters' have made up a large chunk of the activity.

"We've developed a fairly robust programme, mostly from Asia but from other points as well," says Lowe.

While these operate on charter permits, quite a few run on a regular basis, with two carriers showing up five times a week.

The latest entrant is Hainan Air, which started twice-weekly flights to Beijing in January.

Much of the recent traffic has been Covid-related – PPE and rapid test kit shipments – but other sectors are also strong.

E-commerce has maintained its momentum. Last summer Cargojet started flying two B767s in Amazon's proprietary fleet; in September the e-commerce firm asked to add a third dedicated aircraft to the operation for the peak, which flew daily from early November until mid-January.

In Edmonton, Lowe has witnessed lively activity by Cargojet, FedEx and DHL.

Cargojet's twice-weekly flights for Amazon, which kicked off in July, quickly jumped to seven times a week, he notes.

He can now watch new e-commerce sprout on his doorstep. Edmonton-based fashion brand Emmydeveaux is opening a fulfilment centre in the airport's cargo village area.

Rivo, Air Canada's domestic e-commerce service which was launched last March, grew over 700% from the first six months to the last six months, reports Berry.

He reckons that this business will double in size every quarter for some time.

"Now we can onboard a new customer every week. Initially it was six to seven weeks. We expect to add at least 33 new customers next year," he says.

Calgary-based Aerodyne Cargo Services, which acts as a GSA for Volga-Dnepr as well

as a charter broker, has seen a rise in activity for the energy sector, reports owner and managing director Ron Buschman.

"Oil and gas is getting livelier. We're seeing a diversity of destinations – Russia, Australia, the Caspian region – those are all picking up again," he says, adding that the average weight and size of these shipments have also increased.

Unlike US gateways, the main Canadian hubs came through the peak season without serious problems.

"We fared really well compared to the US," says Vince. Aerodyne, which trucks a fair amount of its cargo to US gateways for connectivity, had issues in Chicago, Houston and Seattle, but not in Toronto or Vancouver.

Storage boost

It has helped that new warehouses have come on stream to cope with rising volumes.

'The peak was busier than anybody forecast. Aircraft are our number one priority. We can't get them fast enough'

Jamie Porteous, Cargojet

Swissport was on a roll with the establishment of three new facilities last year. On October 1 it opened a 370 sq m warehouse at Halifax Stanfield International Airport. This followed the establishment of a 500 sq m facility in Montreal and a 1,000 sq m terminal in Edmonton.

Previously, Swissport had offered only passenger and ramp handling at the Alberta airport. Its volumes in Canada were up 35% over 2019 levels.

The congestion problems at US airports notwithstanding, DHL Global Forwarding funnelled a considerable amount of Canadian airfreight through US gateways, making use of more lift south of the border.

"We've been able to leverage imports and exports through the US," says Vince. "To the Asia Pacific region we probably moved 20% more through the US than in the past."

Cross-border trucking has continued without significant disruption, despite dire warnings from some truckers that vaccine mandates for drivers might result in empty shelves and higher prices.

Like Aerodyne, ASL trucks a considerable portion of its traffic to the US, especially freight headed to Latin America. Trucking capacity has tightened and is more expensive, says Lawrence.

This pales in comparison to using interline options to feed traffic to their clients, which →



The first of Air Canada's converted B767 freighters entered service in December between Toronto and Vancouver

→ has been a lot more challenging since the pandemic stifled passenger traffic and slashed available lift.

“The bulk of airlines today are not accepting cargo on existing interline agreements that were signed. You have to pay the spot price at what the market takes,” reports Lawrence.

“A lot are not honouring interline agreements, or they do it selectively,” concurs Buschman.

Shifting routes

At the beginning of January Air Canada shifted its freighter from the transatlantic routes to Latin American destinations.

To begin with, it launched three weekly flights from its Toronto hub to Quito and Lima via Miami.

Two weeks later it added a second loop from Toronto to Mexico City and Guadalajara, also three times a week. On the seventh day it is running a flight to San Juan.

The second freighter is expected to arrive in March. This will be fielded in the transatlantic market, serving Frankfurt and Madrid on the European end and Halifax and St John’s in Atlantic Canada. “We’ll look at maybe one more point,” says Berry.

Every day the airline receives requests for charters, but these have been turned down.

“It’s tempting, but we look at this longer term. We’re building schedule integrity,” comments Berry.

Cargojet is mulling its options in terms of its scheduled domestic service (chiefly providing linehaul for the parcel carriers), ACMI, charter and international flights.

All sectors have been strong. A lot of the planes due to join the line-up are planned for ACMI, which should open opportunities for some international services during down times, like the carrier’s twice-weekly flights to Cologne.

It is such niche markets that the airline has in its sights. “Cologne is underserved from North America. There is no direct maindeck capacity to anywhere in the US,” says Porteous. “We have zero interest in flying to Frankfurt and competing with



Edmonton International Airport has reported lively activity by Cargojet, FedEx and DHL, among others

Lufthansa and Air Canada.”

Cargojet has six more B767s on order, with two scheduled for delivery this year and another two in 2023.

In addition, it has ordered six B757s for its domestic network. The idea is to re-engineer some domestic routings to deploy these planes to free up B767s, which are in hot demand, Porteous says.

By late November 2023 the airline should get its first B777 freighter, with one more to follow and options for another two.

This is likely to lead Cargojet’s international expansion across the Pacific, but at this point management is still evaluating various opportunities – going for ACMI business, opening international routes, or a hybrid approach.

US development

The airline is also developing its presence in the US, following the acquisition of a 25% stake in 21 Air last year.

For starters, the US carrier has taken over an ACMI route for DHL from Cincinnati over Newark to Bermuda.

Some of its pilots operate another DHL route from Cincinnati to Monterey. This arrangement requires half the crews that Cargojet would have to deploy if it flew the route itself, says Porteous.

Air Canada has put a lot of focus on the customer-facing side of the business.

In October it introduced an application programming interface solution to streamline manual interactions like quoting,

‘The bulk of airlines today are not accepting cargo on existing interline agreements. You have to pay the spot price at what the market takes’

Joe Lawrence, ASI

booking, scheduling and track-and-trace functionality.

Last spring it became the first North American carrier to join the cargo.one online booking platform.

According to Berry, this has been well received in the market.

“We didn’t expect the uptake to be this strong. Wherever we’ve opened it we’ve seen a nice uptake,” he says.

At a time when pandemic-related restrictions impede the ability to call on new customers, the portal has opened up access to a larger market, he adds.

Digitisation remains a major focus going forward. “We’re going to win on the margins and on the data,” says Berry.

“Digitisation is right up there, if not number one, to focus on. We want to make it easier for our customers,” echoes Vince, adding that he saw a large increase in e-bookings last year on DHL’s platform. **acn**



Alex Lowe: 2021 was another record for EIA



**PROFESSIONAL
COLD CHAIN SERVICE**

FLAWLESS DELIVERY



From pickup to delivery, EVA Pharmacare controls every detail to ensure the quality of your temperature-sensitive goods. With no compromises, ever.

EVA AIR Cargo 

Visit www.brcargo.com for routes, reservations and tracking

CTK figures show more growth as annual demand passes 2019

AIR CARGO traffic continued to improve in December, while demand for the year as a whole improved on pre-pandemic levels.

The latest figures from IATA show that in December cargo tonne km (CTKs) improved by 8.9% compared with 2019 (used to compare against pre-pandemic levels), while for the year as a whole there was a 6.9% improvement.

The cargo load factor for December was 54.2%, an increase of 6.8 percentage points versus 2019 levels. For the year, load factors stood at 56.1%, up 9.3 percentage points on two years ago.

However, the airline organisation said growth opportunities were hampered by bottlenecks in the supply chain.

Labour shortages, partly a result of employees being in quarantine, insufficient storage space at some airports and processing backlogs continue to put pressure on supply chains, added the trade organisation.

Meanwhile, IATA said the lack of available cargo capacity contributed to increased yields and revenues, providing support to airlines in the face of collapsed passenger revenues.

“Air cargo had a stellar year in 2021,” said Willie Walsh, IATA’s

director general. “For many airlines, it provided a vital source of revenue as passenger demand remained in the doldrums due to Covid-19 travel restrictions.

“Growth opportunities, however, were lost due to the pressures of labour shortages and constraints across the logistics system. Overall, economic conditions do point towards a strong 2022.”

Looking at regional performance for December, Asia Pacific airlines reported a rise in demand of 4.1% against 2019 (0.2% full year) as demand for

goods manufactured in the region remained strong.

North American carriers posted a 21.7% increase in demand in December (19.8% full year) versus 2019 as the region’s carriers continued to benefit from strong consumer demand for goods.

European carriers reported a 6% improvement in December (6% full year) despite carriers being “significantly affected by supply chain and airport congestion and localised capacity constraints”.

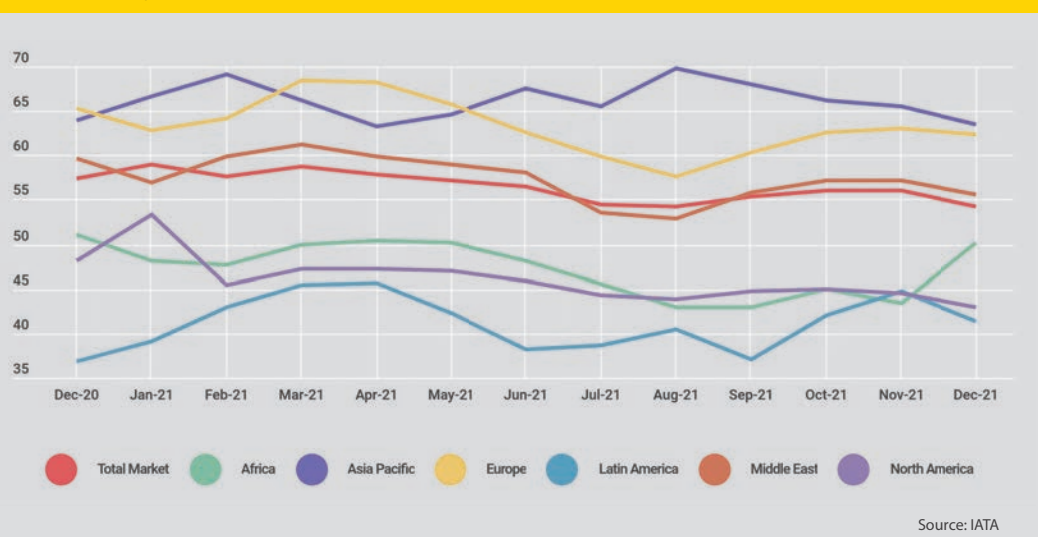
Middle Eastern carriers reported a 5.7% increase in

December (10.5% full year) against 2019 as growth decelerated towards the year-end, partly driven by a “downward trend in volumes on the large Middle East-Asia route”.

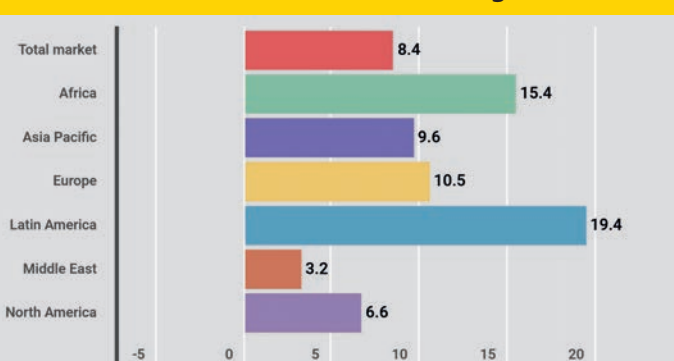
Latin American airlines noted a decline of 2.4% in demand in December (-15.4% full year) as several were engaged in lengthy restructuring processes.

Finally, African airlines saw cargo demand increase by 6.7% in December (10.2% full year). “Growth in the region has been dynamic for most of the year, driven by the strength of the Africa-Asia route,” IATA said.

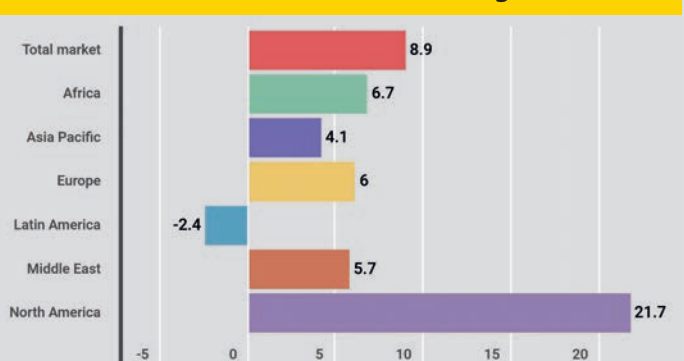
Airline cargo load factors (%)



Dec 2021 CTK v Dec 2020 CTK (% change)



Dec 2021 CTK v Dec 2019 CTK (% change)



Rates are rising despite seasonal lull

AIRFREIGHT RATES on key trades were ahead of last year in January, even though prices were down from the December peak.

The latest figures from the Baltic Exchange Airfreight Index (BAI) show that rates from Hong Kong to North America stood at \$10.90 per kg in January.

This is up 69.5% year on year on the \$6.43 per kg recorded for the month in 2021, but is down on the \$12.72 per kg recorded during December.

It was a similar story for prices from Hong Kong to Europe, with rates for January hitting \$6.61 per kg. The figure is above the \$4.28 per kg registered in January last year (54.4% up year on year), but lags behind December's \$8 per kg.

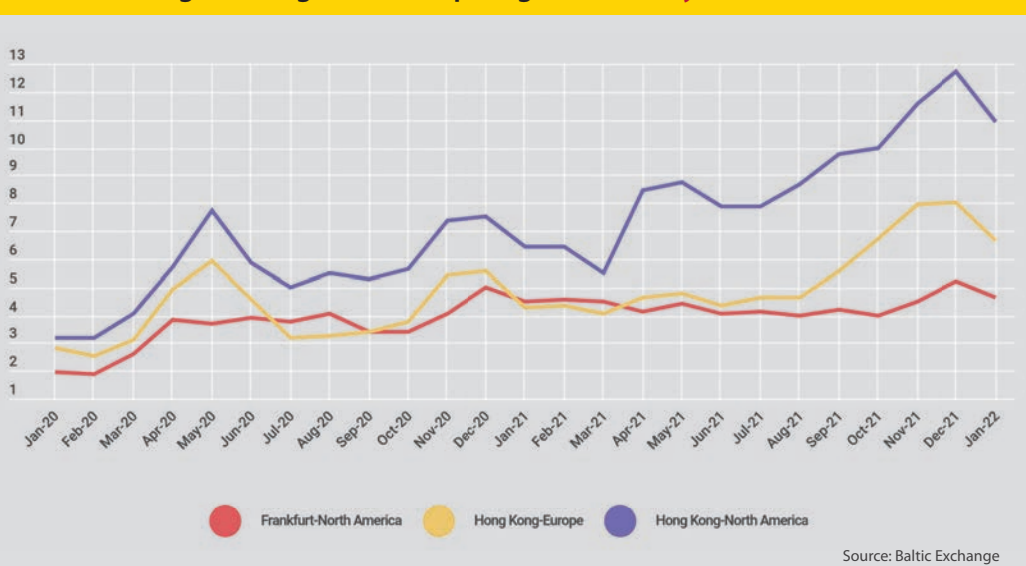
A drop compared with December isn't too much of a surprise, as the last quarter tends to be the industry's peak season.

And the increase compared with last year reflects a general rise in prices as 2021 progressed, as a result of supply chain problems. Rates were also affected by

Covid lockdowns in Hong Kong, reduced belly and freighter capacity and the earlier timing of the Lunar New Year Holiday, which tends to see a rush to

move volumes ahead of factory closures. Prices were also up out of China compared with last year but not to the same extent as Hong Kong.

Baltic Exchange Airfreight Index (\$ per kg) Powered by TAC data



Omicron puts brakes on year of recovery

AIRPORTS SAW cargo demand growth slow in the last month of 2021, after a year of recovery.

The world's largest airport for international cargo, Hong Kong International, saw demand rise by 12.5% year on year in 2021. However, growth slowed in December, narrowing to 8.6%.

"The strong momentum of peak cargo demand in November 2021 carried into December,

despite flight reductions due to the emergence of the Omicron variant," HKIA airport said.

There was a similar pattern at Los Angeles, Changi, Frankfurt, Schiphol and Miami.

The slowdown in growth in December was also reflected across the wider air cargo industry, with statistics from CLIVE Data Services showing that air cargo volumes increased by just

1% year on year during the final month.

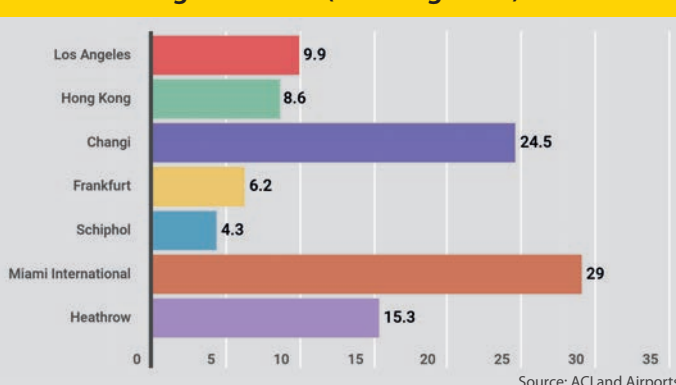
The data provider said that congestion at key hubs stunted growth by causing a backlog of volumes.

"This latest December data amplifies what we saw in November, with issues on the ground impacting the efficiency of the value chain," CLIVE said in an update.

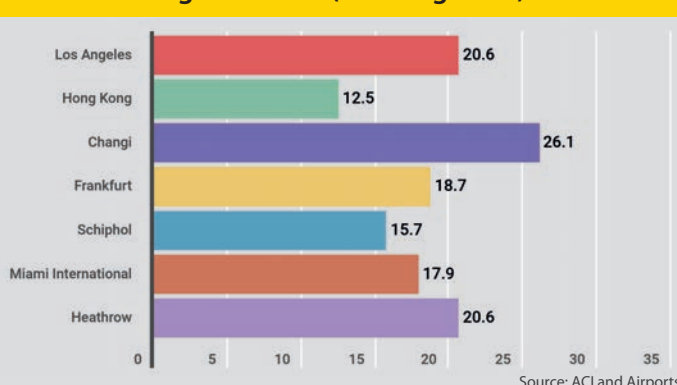
"The rapid increase of Omicron and its impact on staff availability, hard lockdowns and their impact on business and consumer confidence are likely to play here."

Heathrow Airport in the UK saw volume growth accelerate in December, compared with the rest of the year. However, demand remains more than 17% down on pre-Covid 2019 levels.

Dec 2021 cargo volumes (% change YoY)



YTD 2021 cargo volumes (% change YoY)



Rates show signs of easing

Chaos in the ocean shipping market is continuing to show signs of easing, but the sector is still far from a return to normal.

Freight rates are often used as an indicator of the state of box shipping and the latest figures from pricing portal Freightos show that rates from Asia to the US west coast in mid-February stood at around \$15,200 per 40 ft container unit and \$16,600 per 40 ft to the east coast.

While prices remain far above pre-Covid levels, they have at least eased from their peak last year and did not substantially increase ahead of the Lunar New Year holiday in Asia.

“Ex-China container rates typically rise in the weeks ahead of Lunar New Year as shippers rush to get orders out before manufacturing slows over the holiday period,” said Judah Levine, head of research at Freightos Group in mid-February.

“But this year, spot prices from Asia to the US and Europe barely moved, and started to trend down slightly this week as the holiday began.

“Rates were already 10 times their pre-pandemic norm, so many importers may have opted to hold off until after Lunar New Year, hoping that prices will ease after the holiday.

“The persistent congestion and



Photo: Shutterstock

delays at European and US ports may have also discouraged shippers from rushing out orders that will likely sit for days at sea anyway, suppressing some of the typical pre-Lunar New Year demand.”

Levine added that as well as the more stable rates, the number of vessels waiting outside the ports of Los Angeles and Long Beach had dropped by around 30% since early January and at the time of writing there were fewer than 80 vessels waiting – the lowest level in three months.

“Though the backlog is still daunting, this development is a welcome first hint of recovery

from disruptions that have impacted US importers and exporters,” said Levine.

Looking at the year ahead, shipping giant AP Moller Maersk said it was expecting growth to continue but was uncertain about when rates would return to pre-Covid levels.

The company said that uncertainty of developments in freight rates remained high, not only because of the macroeconomic, geopolitical and goods demand environment, but also because of the ongoing congestion and potentially fundamental changes in the industry itself.

“The 2022 outlook for freight rates mainly rests on when market disruptions will normalise,” Maersk said.

On the demand outlook, Maersk expects global container demand growth to increase in the lower end of 2-4%, despite the strong economic outlook.

“The modest growth scenario reflects expectations that the current misalignment between goods and services demand will normalise during 2022 as the Covid-19 pandemic dissipates and tourism and other service sectors approach pre-crisis levels, as well as strong base effects for goods consumption.”

People



Flexport Europe chief
Douglas Brown
Flexport has appointed Douglas Brown, currently vice president Flexport Asia, as its new

leader for Europe. Brown replaces Jan van Casteren, who is leaving the company. Brown will focus on diversifying Flexport’s mode and trade lane mix and expanding into new European markets.



Charter broker switch
Pierre Van Der Stichele
Pierre Van Der Stichele has moved to charter broker Air Partner from rival Chapman

Freeborn to head up the cargo business. He worked for Chapman Freeborn for 19 years, most recently as group director of cargo, and will become Air Partner’s vice president, global freight division.



New VDG CEO
Konstantin Vekshin
Volga-Dnepr Group has appointed Konstantin Vekshin as its new chief executive.

Vekshin joined the group, which includes AirBridgeCargo, Atran Airlines and Volga-Dnepr, in 1997 and – other than a three-year break – developed there from sales executive to chief commercial officer.



Crane Germany MD
Jens Osterwald
Crane Worldwide has appointed Jens Osterwald as managing director of its Germany

business. Osterwald has worked internationally in leadership roles in the logistics industry for over 20 years and joins the company to “drive future growth and development”.

aircargo NEWS

Air Cargo News is your media partner for the global air cargo industry, providing trusted news and information to help readers make smarter, better informed decisions.

Reach your audience in our quarterly print magazine, monthly exclusive email, on our website, or through our twice-weekly e-newsletters, bespoke emails, sponsored content, webinars and social media platforms.



DOWNLOAD OUR NEW MEDIA KIT HERE:

www.aircargonews.net/advertising







For more information, contact:

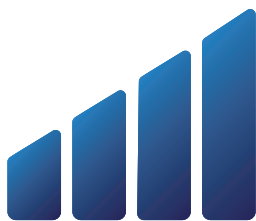
Advertising - Richard Perry
richard.perry@aircargonews.net

Editorial - Damian Brett
d.brett@aircargonews.net

Digitise air, sea, land and all your processes as a **Freight Forwarder** with Freightol Manager.



-  Quoting / Real Time
-  Booking / Real Time
-  Tracking / Real Time
-  Documents Management
-  Integrations with ERP
-  Integrations with suppliers



Up to **80%** savings  in operational time and money



Go to Freightol.com and

Request a Demo