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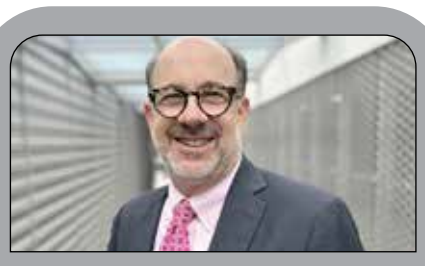

E-commerce could give struggling air cargo wings

Supply chain predictions on the up with new major product launches

AIRFREIGHT rates have grown consistently, if slowly, over September, echoing the predictions of supply chain economists that earlier doom-mongering may have been misplaced.

Figures for week 38, 18 to 24 September, saw a one percent bounce in rates and tonnages on the preceding week, which itself was up two percent week on week, while week 36 was up three percent according to the latest data from WorldACD.

Similarly, forwarders told Voice of the Independent (VOTI) the prices they have been quoted in recent weeks have seen growth, despite the grim picture painted for the end of 2023.

Nor was WorldACD the only index pointing to a stronger market for the air cargo, with TAC describing a "distinctly firmer tone" after recording rates out of Hong Kong and Shanghai before Golden Week as having climbed 2.1 and 5.9 percent respectively.

Amidst this spike there have been some major product launches, including the iPhone 15. However, demand has been nowhere near previous levels and there have been suggestions Apple may produce fewer phones, which would hit sales and dampen the usual boom for airfreight.

> **Amidst this spike there have been some major product launches**

But TAC was among the voices pointing to e-commerce as the golden goose for what could be a seemingly late peak period.

The index noted that there was "speculation that some forwarders, particularly on the e-commerce side, who have not secured sufficient capacity, may yet be left scrambling and forced to pay higher rates in the coming weeks".

Delegates at last month's Air Cargo Handling and Logistics conference noted: "Out of China, the e-commerce business continuing to grow, even though the market now is overall declining. We are finding that more and more of the capacity we procure from partner carriers is being allocated to e-commerce."

Furthermore, it seems that geopolitical issues are also continuing the make their mark on airfreight rates.

One forwarder said: "Air costs ex-Vietnam have gone high since mid-September, due to high demand before Golden Week, Apple launching the iPhone and the impact from the conflict between Azerbaijan and Armenia."

While this may have caught some by surprise, shipping advisor for The Kemmsies Group, Dr Walter Kemmsies, has warned airfreight may come under strain.

Continued on page 3

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‘Logistics challenges’ hamper North African disaster relief

WCA and its members have been at the forefront of responding to the earthquake that rocked Morocco last month, with some 10,000 people caught up in the devastation.

On 8 September, a 6.8 magnitude earthquake was centred 47 miles west of Marrakesh, resulting in a death toll of close to 3,000, and just two days later a major storm in Libya led to the collapse of the Derna dam, leaving at least 5,300.

General manager of TIP Peschaud Younes El Ouali told Voice of the Independent (VOTI): “We centralised the team to respond to the situation in Morocco.

“This included not only using our team members but recruiting friends and family to source a diversity of essential products, not least food, blankets, products for babies and young children and then we sent this on one of our trucks to one of the most devastated zones.”

Some 5,700 people were injured in the earthquake and the government has placed the cost of rebuilding in the billions, allocating $12 billion from the central budget over the next five years.

Addressing the 78th session of the UN General Assembly, Morocco’s permanent representative, Omar Hilale (right), said the country would face the repercussions from the earthquake with “determination, seriousness and solidarity”.

“We established an inter-ministerial committee to develop an urgent programme for the reconstruction and rehabilitation of affected areas,” he continued.

“This shows climate change continues to represent the biggest challenge to humanity. This is why today, more than ever, there’s a need to promote prevention, resilience and international cooperation as part of the international community’s priorities.”

> "This shows climate change continues to represent the biggest challenge to humanity"

However, the aid and logistics sectors have faced significant obstacles in rolling out support to those caught up in disaster.

Miles of winding, narrow, perilous roads have been blocked by HGVs struggling with the difficult ascent through mountain passes near the epicentre, which occurred close to the Atlas mountain range.

From the international community, much of the focus has been on Amizmiz, where a camp has been set up by rescue teams from several countries.

Russ Gordon, who has been acting as team leader for the UK’s rescue mission, said boulders and landslides had also hampered access for those involved in the provision of aid on many routes.

Ed Gillett, founder and director of digital charter broker CharterSync, told VOTI that there were, nonetheless, increasing amounts of provisions moving into the country.

He added: “We have started to see a steady increase in humanitarian aid requests to Morocco and are working hard with our partner airlines. We are also seeing an increase in relief requests to Libya.”


UN Photo/Manuel Elías

WCA network, itself, has also been heavily involved with El Ouali, noting it had sent funds to help towards the cost of housing some 260 orphaned by the earthquake.

“The North African community has also been very supportive in assisting with the aftermath of the earthquake, while Moroccan people from across all the social categories have been also showing so much solidarity,” he continued.

“There is long-term support coming too, with the Moroccan king’s very efficient government team pushing this through.”

Continued from page 1

Airfreight may come under strain before the year is out

Pointing to what he perceived as a failure by retailer managers to understand the post-Covid reorientation, Kemmsies told VOTI in July few people had considered how high spending on consumables had been driven during the pandemic.

“As countries came out of lockdowns, retailers failed to consider how this would lead to less spending on consumables and more on services,” he added.

“Rather than acknowledge this mistake we saw CEOs of poorly performing businesses talking the US into recession by claiming consumers were not spending; in reality, it was a reversion to pre-pandemic spending.”

If Kemmsies’ assessment is correct, with the economy having failed to tank in the way predicted, large retailers look set to find themselves understocked for the peak season.

Resultantly, with shipping too slow to meet the holiday rush, he suggested that retailers, desperate for capacity, will gobble up as much of the airfreight space as they can surging rates and creating yet another boom era for the carriers.

Positive market sentiment among the airlines though remains muted at present, although at least two major cargo carriers saw signs for optimism.

“We’re now into traditional peak period and we’re seeing very encouraging demand out of our home market of Hong Kong, in particular to North America, which is being driven largely by e-commerce,” said Cathay Pacific’s GM Cargo Commercial, James Evans.

“We have added more weekly freighter services to North America and we’re seeing healthy demand from there as well.

“We don’t expect the peak will match last year – the market is very different from a year ago, as all our customers have been conveying to us – but we’re feeling optimistic and continuing with our plans for five more weekly transpacific services per week from this month.”

Likewise, Lufthansa Cargo has upped its 2023/2024 winter flight schedule, with increased frequency to destinations in high demand.

This has included increasing its services into Hong Kong, routing via Mumbai, and services into Mexico City from six to seven flights a week while it has also added a new destinations in a combined connection from Frankfurt via Riyadh to Taipei.

Chief executive Ashwin Bhat said: “The market for airfreight is and remains volatile, but Asia and Mexico continue to be attractive, economically strong regions for us.

“The additional capacity of our seventeenth Boeing 777 freighter in our long-haul fleet offers opportunities to specifically adapt the flight offering to the needs of our customers in these markets.”

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Spotlight ON

Brandon Fried


executive director
Air Forwarders Association

US airfreight needs 'a major shake-up'

NORTH American airfreight operators have been facing up to years of neglect when it comes to the quality of the largest cargo gateways, this is particularly true in the US, where airports like New York's JFK find themselves running on systems living in a bygone era. But, as he sat down with Voice of the Independent Brandon Fried, executive director of the US-based Air Forwarders Association (AFA), was sounding markedly more confident that the situation may be changing for the better.

"What's needed is a major shake-up," says Fried. "And we're beginning to get some positive signals that things are moving in the right direction; forefront of this is that we've been successful in attaching a piece of legislation committing the Government Accountability Office to resolving the issue of cargo area congestion. The intent of this initiative goes well beyond funding for cargo facilities. The air cargo industry must approach solutions to current and future challenges holistically. In that regard, we propose that ALL stakeholders be included under the umbrella of a RACOS – Regional Air Cargo Operating System.

"A RACOS is defined as a geographic area surrounding an airport, with a radius of 300 to 500 miles, where most air logistics stakeholders conduct their business. The size may vary based on population, geography, roadway infrastructure, and competition. In certain instances, the RACOS may contain more than one airport based on proximity."

At the epicentre of the push is a white paper, which Fried says "makes it clear" successful future growth of the US airfreight sector will be based on addressing the interdependency of the major stakeholder groups, including airlines, truckers, forwarders, brokers, and handlers, as well as government agencies, airports, and the private sector – in the fields of technology, communications, facility, and infrastructure development. While he is keen to stress that it is not just about money, he notes that the proposed funding would help the RACOS address physical improvements, staffing, service, technology, and regulatory needs, which would increase throughput and reduce delays.

"But again, this issue is far more than physical improvements; an initial allocation number in the billions is not the immediate goal," he says. "Introducing the concept on a roll-out basis is far more realistic than all at once. Selecting one (or a very limited number of targets) would cap the allocation of funding to what is, hopefully, an acceptable and timely implementation. It is also essential to remember that this cargo-focused programme will be used to cover operating and physical costs for which there is little or no return on investment. This will provide a stimulus for private investment as well as enable airports to address multiple issues beyond cargo with existing capital. At the same time, applying this programme to costs with limited return on investment can reduce rental rates for tenants in cargo facilities by as much as 20 per cent. This would include airlines and handlers who, in turn, could reduce their costs to other stakeholders in the logistics chain."

> "We're beginning to get some positive signals that things are moving in the right direction"

With the legislation already having passed in the House of Representatives – the lower chamber of the US Congress – the next step was for it to move to the upper chamber, the Senate, but given the tendency for the US government to dole out funding to airports that are then able to neglect their cargo facilities, he says he was not planning to take any chances. As such, together with Maryland Aviation Administration and Southwest Airlines, he organised a trip for politicians, including three senators, to Baltimore-Washington International Airport (BWI).

"Our thinking was that legislators vote on these issues, but they have never actually seen a cargo operation in action," Fried continues. "In addition to discussing BWI airport cargo operations and growth plans, the group was treated to a warehouse and planeside tour where Southwest Airlines officials explained the cargo handling process. There were also discussions about the impact of customs officers being diverted to the southern border and its potential impact on cargo clearances at BWI and other international airports throughout the country."

Should the Senate pass the bill it would become law, putting the issue of funding for cargo facilities on the road to being validated and from there hopefully securing the investment needed. But Fried says the initiative is part of a long-term, sustained effort with a phased approach, that will include an initial GAO study on air cargo operations and sustainability plus hearings covering the same topic in the Aviation Subcommittee of the House Transportation & Infrastructure Committee and the Aviation Safety, Operations and Innovation Subcommittee of the Senate Commerce, Science and Transportation Committee. Second and third phases will include "at least" one pilot project at one of the fifteen most challenged airports from a cargo handling operations standpoint, alongside further dedicated air cargo improvement funding the FAA Reauthorization Act, which will be debated and passed/rejected five years from now.

"We are glad to report that, in the House of Representatives, our GAO study request was included in the FAA Reauthorization Act through the manager's amendment, which passed unanimously in the House Transportation and Infrastructure Committee by a vote of 63 to 0 on 14 June," he says. "Then on 20 July, the full House of Representatives passed this amended bill – known as the Securing Growth and Robust Leadership in American Aviation Act – with broad bipartisan support in a 351-69 vote."

Success in the House or not, Fried's initial optimism that it would get through the Senate with little difficulty appears to have hit a roadblock – albeit one that the trip down to BWI may help unblock.

"Unfortunately, there is a stalemate over pilot training, so the Senate bill is stalled, which may result in previous funding levels in a continuing resolution instead of a new law," he continues. "If this disagreement over pilot training continues, we cannot include our GAO request in the Senate bill, as the amendment process is closed and is unlikely to be reopened. However, given our strong support from key Senate offices, including Commerce Committee Chair Cantwell, Committee Ranking Member Cruz, Aviation Safety Subcommittee Chair Duckworth, Aviation Subcommittee Ranking Member Moran, and many others, Senator Braun intends to introduce our GAO request as an amendment from the Senate floor. This amendment will likely pass by a simple voice vote as it is non-controversial and has strong support."

Focus ON

Africa

Intra-country trade the key to unlocking Africa's global potential

AFRICA appears always a continent in becoming. Its 54 countries are replete with natural resources that have become so essential to globalisation, and yet domestic industry has struggled – for a myriad of reasons both within these countries' control and beyond them – to gain a foothold beyond supplying others with these vital raw materials.

Even so, there is always hope and, in a new report from the United Nations Conference on Trade and Development (UNCTAD), hope has once again been offered, with the body claiming that Africa can become a major exporter of higher value-added goods, creating growth and jobs, and fuelling a rise in productivity and wages.

UNCTAD secretary-general Rebeca Grynspan said that were the countries to capitalise on the emerging chance, they would be able to offer the continent's economies a "better future", as she added that the diversification of trade was "key" to "building resilience and enhancing innovation". In particular, she highlighted three factors: the geopolitical pressure for countries and businesses to diversify their suppliers and thus reduce risk; the potential – given its access to the requisite raw materials – to become a world-leader in the renewable energy market; and to get in on the manufacturing front.

Certainly, Grynspan and the report are not alone in this thinking. Indeed, sources Voice of the Independent (VOTI) spoke to have echoed these thoughts. Particularly when it comes to offering a more politically viable alternative to the present reliance on China for sourcing goods. However, there are also many questions hanging over the viability of such a move, with many noting that a substantive issue is the marrying of the theoretical – Africa as an alternative/as a China +1 destination – to the practical – major issues surrounding the continent's infrastructure and bureaucratic processes.

One source says that as far as manufacturing is concerned, they "cannot see it… at least not at a level that would make it worth contemplating". Director of the Global Shippers Forum, James Hookham, tells VOTI he too has been hearing talk about North Africa as a potential alternative supply spot, particularly for Europe – although others have suggested spots even closer to home, countries like Portugal and Hungary mentioned.

Hookham notes: "I have heard North Africa being talked about as a potential alternative to China for European shippers. And we have seen an uptick in volumes coming through Mediterranean ports, but any chance of manufacturers relocating or setting up alternatives to China will be predicated on the skills and facilities available in these destinations."

> "I have heard North Africa being talked about as a potential alternative to China for European shippers"

General manager of TIP Peschaud Younes El Ouali tells VOTI Morocco is certainly one of the leading spots for trade growth across Africa, but he also sees Nigeria and South Africa as countries looking to capitalise on heightened demand, adding that all three certainly benefit from having the requisite tools to make something happen.

"South Africa, with its extraordinary infrastructure and International human resources," El Ouali continues. "Morocco, with its geographic position as a hub between the world and the rest of Africa and the growing industries (such as aeronautics and automotive) and its mega new ports infrastructures. Nigeria, with its Government Growth Strategy and growing economy."

The African Development Bank is certainly optimistic, projecting that the continent will outperform the rest of the world, when it comes to economic growth, in 2023 and 2024, forecasting an average GDP increase of four per cent. If realised, this would place it well above the projected global average, which looks like falling somewhere between 2.7 and 3.2 per cent. R-Logistic SAS head of business development Jérémie Marteau says in recent years he and the R-Logistic team have observed significant economic growth in several African countries, each driven by distinct factors.

"Ivory Coast is a standout example," Marteau tells VOTI. "This country has been experiencing remarkable economic growth, primarily due to substantial investments in infrastructure projects. Nigeria and Angola are two other countries with substantial growth, primarily attributed to their status as oil-producing nations. The revenue generated from their oil industries has significantly contributed to their economic development, enabling investments across various sectors.

"While we see encouraging growth in certain African nations, one has to recognise that the continent faces geopolitical tensions and challenges that can obscure our visibility into growth prospects in other regions. For instance, instability and security issues in areas like the Sahel [Burkina Faso, Cameroon, Chad, The Gambia, Guinea Mauritania, Mali, Niger, Nigeria and Senegal] introduce uncertainty, making it challenging to evaluate growth trends there. These challenges encompass not only economic factors but also political and security-related issues. Consequently, we are committed to closely monitoring these developments and adapting our strategies accordingly to navigate these complexities effectively."

Growing economies or not, for Africa to realise its economic potential, it will be intra-country trade that really sends it stratospheric, and from both a finance and a logistics perspective this is an area the continent struggles with. Indeed, as this issue went to press, Standard Bank had told reporters that trade in 10 of the continent's key markets remained hampered by currency volatility and international capital flight, which was only heightening Africa's shortage of US dollars, which are essential in paying for imports.

These findings were realised in the 2023 Standard Bank Africa Trade Barometer. Central in these findings was the loss of international capital back to the industrialised economies amidst the depreciation of local currencies, higher global interest rates, rampant inflation and sovereign debt burdens. The Barometer focused on 2,600 businesses, 68 per cent of which are classified as SMEs, in Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda, and Zambia. All averaged an ease-of-trade score of 43, which is below the baseline 50, indicating that most businesses experience difficulties in trading with other African countries. Of particular concern was underlying poor infrastructure and overly bureaucratic import and export duties – a common gripe of those VOTI spoke with. Standard Bank business and commercial

YOUNES EL OUALI
TIP Peschaud

JAMES HOOKHAM
Global Shippers Forum

banking unit's head of trade for Africa-China Philip Myburgh told reporters that the picture was mixed.

"Macroeconomic conditions across the 10 featured countries are mixed, with significant downside risks occurring in many markets negatively impacting the tradeability attractiveness of these countries," Myburgh added. "The ease of trading across borders is rated at 43 points, below the neutral score of 50. Trade between countries is, therefore, still difficult."

El Ouali and Marteau both concur with the challenges raised in the report, particularly those relating to infrastructure, telling VOTI that this remains one of the biggest hurdles he and the team face, but he sees signs of optimism that the situation is moving in the right way.

"Sub-regional integration in Africa remains imperfect and there are indeed certainly challenges and shortcomings to address," Marteau adds. "Infrastructure and connectivity improvements require time and ongoing investment to fully mature. Nonetheless it's crucial to acknowledge that the logistical landscape of Africa has evolved considerably over the last 15 years. Major efforts particularly in port and road infrastructure development have been undeniable. To me, this evolution is a statement to the determination and commitment of various stakeholders to enhance logistics efficiency and connectivity across the continent, which plays a pivotal role in fostering economic growth and development."

> **"Sub-regional integration in Africa remains imperfect and there are indeed certainly challenges"**

It is possible to suggest that this "evolution" has been behind the recent momentum in North Africa's air freight market, which bucked the trend seen across the globe over the first six months of the year, as it recorded buoyant growth in terms of tonnage. Data from WorldACD highlighted North Africa's chargeable weight surging 21 per cent year on year, marking it out as one of just five subregions to grow in the first six months of the year, with West Africa, up five per cent one of the other four, which were rounded out by China (up six per cent), the Caribbean (up two per cent), and South America (up one per cent) as the rest of the world experienced contractions.

This spike in demand may explain the heating up of the continent's air freight players, with a new South African operator, Suid Cargo having launched operations out of Johannesburg's OR Tambo Airport. The carrier began flying with a 727-200 leased through Astral Aviation, which holds a 25 per cent stake in Suid, and seemingly may have taken a bigger share were it not inhibited by the country's strict foreign ownership rules.

Further aircraft will be added to its fleet, with a 747, 757 and 767 coming through additional Astral lease agreements, while in 2025 it is expected to take delivery of an Embraer E190 freighter, as it aims becoming Africa's feeder carrier, aligning its network with Astral's. Suid's stated ambition is to enter long-term partnerships with forwarders, consolidators, e-commerce retailers, integrators and shipping lines, with plans to interlink with other carriers, while also operating a domestic South African network.

Astral's chief executive Sanjeev Gadhia says that despite being a prominent hub, there had been a gap in the South African market: "We were looking at expanding in South Africa, so we looked for opportunities to do so. Durban and Cape Town are gateways into South Africa, so goods can be shipped in and distributed by air to landlocked countries."

Airfreight sources have broadly welcomed the launch of Suid, with many noting that for Africa to reach its potential as far as trade is concerned, as contained in the African Free Trade Agreement (AfCFTA), aviation "must" be prioritised. Incorporating the entire continent, AfCFTA aims to boost its income by $450 billion and lift some 30 million people out of poverty, but, while describing the agreement as "fantastic", Kenya Airways chief executive Allan Kilavuka says "it won't work" if aviation is not grown.

"African countries don't prioritise aviation," says Kilavuka. "They see it as expensive. But aviation has to work for the AfCTFA to work. Governments must prioritise aviation; you can't transport goods efficiently by truck from Nairobi to Lagos, for example, it has to be done through aviation."

El Ouali says that, infrastructure aside, this issue of free trade and its facilitation remains central to getting African running fully. He believes what is needed is a more comprehensive and aligned programme, one that goes beyond the theoretical and engages with the practical implementation of policies to allow for the free flow of goods.

"I really do think that one of the most important key challenges beyond infrastructure is, first of all, having governments that work hard on international relationships and free Trade agreements with the rest of the world, while also implementing some country-specific agreements," he continues. "Most of the countries that could address this today are those that already boast a good strategy towards working with important international markets.

"What I would like to see happening to improve this, though, more broadly across the continent, is the launch of a collaborative force between African countries in order to generalise as much as possible this strategy and make Africa as a continent grow faster and stronger."

Marteau added that there was also a significant challenge as far as the continent's wide array of disconnection customs procedures were concerned. Marteau's concern is one that has been widely shared by the IRU, which believes African government needs to address the excessive bureaucracy that renders cross-border overland transport a near impossibility. Last year, the UN body commenced a campaign urging landlocked African nations to accede to the International TIR Convention, saying it could help the continent's intra-regional trade grow by 44 per cent, with transport costs averaging 50 per cent more that those with ocean borders. Pointing to Central Asia and Europe, the IRU said road freight volumes climbed 60 per cent and 68 per cent, respectively, following accession to TIR. IRU director of TIR and transit Tatiana Rey-Bellet says such are the hurdles faced by landlocked countries when moving goods that they manage just 60 per cent of the exports of their coastal neighbours and pay 85 per cent more on imports.

"Upward economic growth in Central Asia is supported by the growing use of TIR, which makes connectivity more efficient and less costly," adds Rey-Bellet. "This results in growing investments in the region. This is in contrast with just 16 per cent of intra-regional trade between African countries, which are in urgent need of similar ways to be better connected. It is the landlocked countries suffering the most from not being part of this trade facilitating treaty as they are exposed to trade barriers by their limited options for moving goods."

Additionally, Marteau says, the digitalisation of process remains an area needing significant improvement to enhance the efficiency and transparency of supply chains. Despite these

difficulties, he notes that many African states and regional unions recognise the importance of addressing these challenges.

"They are taking steps to improve customs integration and digitalisation," he continues. "This includes initiatives to harmonise customs procedures across borders and implement digital platforms for trade documentation and tracking. A continued push for more logistics platforms and increased usage of freight trains across the continent would be, in my opinion, more than welcomed. Logistics platforms can serve as central hubs for managing and optimising supply chain providing real-time visibility and control. Freight trains, can offer an efficient mode of transportation for goods, reducing congestion on roads and highways while lowering the overall cost of moving goods. These developments would go a long way in improving the overall efficiency and competitiveness of African economies and supply chains."

SANJEEV GADHIA
Astral Aviation

Air cargo capacity between China and the UK gets major uplift

BRITAIN'S secondary airports look set to welcome a surge in China-UK cargo capacity, driven by spiking demand for e-commerce.

Bournemouth Airport's freight division, Cargo First, has announced a doubling of capacity to Chengdu, from three to six weekly flights, supplied by European Cargo's full freighter A340s, tipping annual capacity beyond the 20,000-tonne mark for the routing.

Bournemouth Airport managing director Steve Gill said: "Doubling capacity on the Chengdu route is a huge vote of confidence in Bournemouth as an e-commerce gateway to the UK.

"We also see growing opportunities for UK producers shipping goods to China"

"Our combination of location, no slot constraints, flexibility, speed, plus European Cargo's growing fleet capacity, is a winning combination. With more than 20,000 tonnes of capacity on the route we also see growing opportunities for UK producers shipping goods to China."

Operated in partnership with Shenzhen Sharing Express Logistic-Tech (SSELT), each aircraft will offer shippers 76 tonnes of uplift per flight.

European Cargo's chief executive, David Kerr, said that the carrier has fleet expansion plans in the pipeline too, as it eyes more than doubling its number of aircraft from four to 10 over the next 18 months.

Kerr added: "We're delighted our ability to deploy scale over extended global markets has allowed our customers to place their trust in our new and unique freighter proposition."

For Bournemouth, the additional services will help in bringing to fruition its masterplan to create an e-commerce gateway from Chengdu to the UK, with the Chinese city considered as a hugely important economic and commercial centre.

Its regional economy boasts finance, machinery, automobiles, medicine, food and IT, and in August reciprocal trade mission between Sichuan province and Bournemouth took place.

But Bournemouth may not alone in bolstering its freighter ties to China, with rumours that Birmingham may also be set to welcome freighter operation to the UK, as sources noted that Air China Cargo was eyeing up slots at the Midlands airport.

The source said: "Air China Cargo is planning to run Beijing-Guangzhou-Birmingham services on a B777-F aircraft thrice-weekly. We expect to see these in play this side of Christmas."

Concurrent to new services hitting the tarmac, capacity between China and the UK has seen a ready return over the course of 2023 with the waning of the pandemic and the Chinese authorities easing travel restrictions, with belly capacity markedly up on last year.

Among those to have upped their connections, Virgin Atlantic resumed daily services between London Heathrow and Shanghai in May for passenger and cargo operations.

While in April, IAG Cargo resumed offering capacity for popular shipments like IT equipment, e-commerce and garments between London Heathrow and Beijing and Shanghai, with June seeing the resumption of Heathrow-Beijing Daxing Airport services.

STEVE GILL
Bournemouth Airport

Turkish Cargo helps put Yani back among fellow koalas

TURKISH Cargo has relocated the last surviving koala bear from a family that was brought from Hong Kong to the UK.

Born in Australia, "Yani" was one of several koalas brought to Hong Kong several years ago, but following the deaths of the others she was deprived of opportunities to reproduce and socialise.

With the decision made to move her, Longleat Safari Park, close to the English city of Bath, was prepared to give her a home, and staff there reached out to Turkey's flag carrier airline to conduct the move.

In accordance with IATA's Live Animal Regulations, Turkish Cargo transferred Yani via Istanbul and, after touching down in the UK and undergoing the necessary checks and quarantine, she was introduced to her new companions at the park.

Everyone wants 'a slice of the Asian import pie'

SHORT-term container rates are on the up amidst rising intra-Asia demand into India, a seeming reversal of recent lows.

Forwarding sources indicated a 20 to 40 per cent increase in average rates from Central and North China into India over the course of September when compared with August, with new players coming onto the market.

One Chennai terminal official said it was very much the case that: "Everyone wants to grab a slice of the Asian import pie."

For Shanghai-Nhava Sheva/Mundra trade, rates over the last month hit $500 per teu and $600 per feu, up from $425 and $450, respectively, three weeks ago, with $550 per teu and $600 per feu quoted for Tianjin-Nhava Sheva/ Mundra versus $425 and $450 in August.

Similarly, South China-West India rates have climbed 25 per cent month on month, with China-Chennai also spiking to new highs.

Behind this resurgence appears to be heightening import demand, as deepsea and regional carriers attempt to grab a taste of the action, with Sinotrans, TS Lines, SeaLead Shipping and SITC adding a weekly joint loop, the Far East India Express (FIX1).

One forwarder said the Indian government's determination to boost manufacturing from a 17.7 to 25 per cent share of the country's GDP would only spur further demand.

"Supply chain diversification is not a fad anymore"

And while the global head of shipping analytics and research at S&P Global Commodity, Rahul Kapoor, told The Freight Buyers Club podcast this would not see India replace China as the world's workshop, he did expect to see it make gains at the Asian powerhouse's expense.

"Supply chain diversification is not a fad anymore, it's actually happening, and it will continue to accelerate," Kapoor explained.

That said, there remains some way to go before Indian exports bolster rates in the same way inbound demand has, as they sit at rock bottom levels, leaving some carriers to offer space for as little as $5 per teu.

WCA members get access to Pledge Freight Emissions Calculator

WCAWORLD has integrated the Pledge Freight Emissions Calculator (FEC) into its website to support its forwarder members in compliance with new sustainability regulations.

Forming part of its ECO Program, the agreement with Pledge also offers network members access, at a discounted rate, to Pledge's full Emissions Measurement Platform, which can assist in determining reduction strategies and setting emissions targets.

WCAworld chief executive Dan March told Voice of the Independent (VOTI): "It will provide WCAworld members with an industry-leading emissions calculation. And the offsetting tool enables them to offer their customers the data they require and helps the independent forwarding community stay at the forefront of changes required by new environmental regulations."

The Eco Program prioritises accessibility, assisting members in complying with evolving regulations and meeting customer expectations for emissions reporting and offsetting.

> "Reporting regulations are being rolled out globally, requiring shippers to calculate and report emissions"

Accredited by the Smart Freight Centre for adherence with the Global Logistics Emissions Council Framework, the FEC allows users to measure freight emissions across the world over all modes of transport by entering cargo details, origin, and destination.

They will also be able to choose to refine results by entering shipment data, including legs, port calls, stopovers, transhipments and warehousing for an accurate emissions calculation.

Pledge co-founder and chief executive David de Picciotto told VOTI: "Reporting regulations are being rolled out globally, requiring shippers to calculate and report emissions.

"Pledge is committed to providing industry-wide access to solutions that help forwarders and shippers comply, and embedding our free Freight Emissions Calculator on the WCAworld website is a key milestone in this."

Access to such resources is becoming increasingly important, with a raft of new regulations coming online, including the EU's Corporate Sustainability Reporting Directive (CSRD).

This CSRD requires the provision of a company's impact on environment and people be made available to investors and other stakeholders so they can assess both the financial risks and the effects of a business on the climate and relating to other sustainability issues.

DAVID DE PICCIOTTO
Pledge

Europe is also working on a Green Claims Directive, which would provide companies with a framework to follow when making environmental claims about their products.

Similar to the European legislation, in the UK the Sustainable Disclosure Requirements will mandate the reporting of supply chain emissions, meaning shippers will have to get access to this data from their forwarders in the near future.

Lidl goes shopping for its shipping arm

GERMAN retailer Lidl is eyeing more third-party customers for its box shipping operation, Tailwind Shipping Lines, announcing a slew of changes to its Asia-Europe schedules.

Bangladesh's clothing and textile market is one of the key markets the carrier is looking to bag volumes out of, with an increase in the frequency of its Tiger Express Service (TEX), with cargo expected to reach Europe within 19 days.

Managing director Christian Stangl said: "Adjustments to our sailing schedules reflect the experience we have gained as a young shipping company.

"With them, we're sharpening our profile as a premium Asia-Mediterranean provider. In addition to non-food goods for Lidl, we will continue to focus on cargo from third-party customers – in doing so, we are meeting their needs for a higher sailing frequency."

Alongside its increased TEX frequency, the carrier has also placed an additional call at the Sri Lankan transhipment hub of Colombo on its China-Europe Panda Express Service (PAX).

Five vessels operate the PAX service between China and Europe which, under the changes, will now operate fortnightly, sailing from Qingdao in China via Ningbo and Da Chan Bay, then to Colombo, Koper, Barcelona, Rotterdam and back to China.

Overall, these changes represent a marked increase in the expansion plans it had earlier in the year, with its annual capacity increasing from 95,000 teu to 108,000 teu.

Stangl added: "Thus, as a young shipping company, we are looking positively at next year and will continue to work hard to make our portfolio of offerings even more geared towards the needs of our customers."

Insights IN

Seafreight – comment by Mike Wackett

It's not easy being green

LONDON International Shipping Week (LISW) in September brought the industry together in a rich profusion of conference, networking, dinner and deals, thereby confirming its status as the leading bi-annual maritime event.

Conference venues were rammed to the rafters and LISW attendees were spoilt for choice with evening party networking sessions, mostly within a short stroll of the city's business square mile.

Unsurprisingly, decarbonisation of shipping was an ever-present theme of many of the LISW conference sessions, with panellists politely passing the industry's net-zero aspirations and solutions baton between them.

Every day we see the impact of climate change in the extremes of weather around the world and, with ships emitting around one billion tonnes of greenhouse gases every year, or 3 per cent of global emissions, making shipping – if it were a country – the sixth-largest polluter in the world, urgent action is necessary.

> **Every day we see the impact of climate change in the extremes of weather around the world**

"Who pays?" or more exactly, "who will pay for shipping's decarbonisation?" was the question left mostly unanswered not only at the panel sessions, but also on the sidelines of the networking events.

The cost of burning bio-methanol, which is seen as the front-runner towards the ultimate net-zero goal, is currently projected to be three to four times greater than conventional fossil fuels.

Initially, the cost of the transition towards cleaner fuels will most likely be shouldered by shipowners, operators and investors, but ultimately much of the burden will have to fall on shippers and their consumer customers.

However, finding a mechanism that is transparent and accurately reflects the extra cost of non-fossil fuels, will be challenging.

The IMO 2020 0.5 per cent low-sulphur fuel regulations were largely well-communicated and the recovery take-up from shippers was good; albeit that the curved ball of scrubber installations, allowing some containership operators to continue to burn the cheaper heavy fuel oil, had a few shippers questioning the justification of a single across-the-board levy.

The introduction of the European Union's Emissions Trading System (ETS) next year is proving a test case for the differing interpretations of the actual cost of a well-intended 'green tax' on shipping by the trading bloc.

Indeed, already there appears to be a wide difference in what carriers believe they will be charged via the ETS and, thus, what they would like to reclaim from their customers.

For example, Hapag-Lloyd has indicated that there will be a fee of €24 per 40ft container for shipments from Asia to North Europe, whereas Maersk suggests its ETS charge will be €70 per 40ft.

Other lines seem to be keeping their ETS surcharge powder dry for now, but are probably also scratching their heads to assess their liability and thus the charge to pass on to customers.

Undoubtedly the ETS carbon tax enigma, and its different cost interpretation by carriers, will not assist the lines in their endeavours in recovering the tax.

If the carriers with all their financial acumen cannot calculate the cost of the EU's ETS, then small shippers in particular will not have the in-house expertise, or importantly, the time to cross-check the amounts that will start to appear on freight invoices from January 2024.

Moreover, after the post-pandemic boom years for carriers, during which time shippers were stung with sky-high freight rates and penalised with exorbitant and unfair demurrage and detention charges, the trust between the counterparties is extremely low.

Shippers will be suspicious of any new charges, especially if the cost of the ETS fees is difficult to justify.

In the words of Kermit the frog: "It's not easy being green!"

MIKE WACKETT
Sea Freight Consultant, FICS

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FREDERIC MERCIER, PRESIDENT
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FREIGHTOSCOPE

Intermodal action has Mexico in its sights

DESPITE lacklustre performance, the intermodal sector in North America is seeing lively activity from Class I rail carriers and intermodal service providers. Many are looking to Mexico, where nearshoring is driving up manufacturing.

In mid-September, intermodal and trucking giant JB Hunt took over the brokerage activities of BNSF Logistics, the logistics arm of the Class I US railway. While warehousing heavy haul and project activities are not included in the deal, it gives JB Hunt control over its truckload, LTL, flatbed and drayage services, and it reinforces the ties between the railway and the fifth-largest logistics firm in the US.

As part of the deal, JB Hunt will provide third-party logistics services to BNSF.

"This acquisition is another step forward in our mission to create the most efficient transportation network in North America," declared JB Hunt CEO John Roberts.

A few days earlier Canadian National (CN) and Norfolk Southern announced an agreement to mount an intermodal service due to start in early October. Using interchanges in Detroit and Chicago, this is designed to connect the US Southeast with markets across Canada and in the US Midwest "like a single-line intermodal product", according to the rail companies.

September also saw an announcement from Union Pacific of operational changes that took out one day in transit time of the 'Falcon Premium' intermodal service that the US railway had launched in April in partnership with CN and Mexican rail company GMXT to connect Canada and the western and central US with Mexico.

These moves are playing out in a market that has been in the doldrums for some time. Intermodal traffic in the US lost momentum during the pandemic and the subsequent network congestion that wrecked rail schedules and prompted shippers to shift their traffic to the road. According to the Intermodal Association of North America (IANA), the sector is losing business worth $4 billion a year to trucking.

JB Hunt reported a 24 per cent drop in intermodal operating income per load for the second quarter, adding that 18 per cent of its intermodal containers were idle during the period.

IANA's statistics for the second quarter of this year show a 10.4 per cent decline in volume from a year earlier. International container count was down 13.2 per cent, reflecting the slump in transpacific intermodal volume.

> "This acquisition is another step forward in our mission to create the most efficient transportation network in North America"

However, intermodal volume in Mexico rose 3.6 per cent year on year during the quarter.

This reflects the strength of the Mexican economy, which has seen a surge in investment in new factories. Their output is chiefly geared to the US market. In the first quarter of this year Mexico overtook China to become the top source of US imports.

Union Pacific CEO Jim Vena left no doubt what was the driving force behind the efforts to reduce transit time of the 'Falcon Premium' service.

"I'm optimistic about the strong performance and the growth potential as a result of our operational excellence and opportunities created by the nearshoring trend in Mexico," he commented.

While some US logistics providers are venturing into Mexico, others strengthen their presence along the US-Mexico border. CH Robinson opened a facility in Laredo to speed up cross-border movements.

"We're going to feel this along the entire southern border, so not just Laredo. But Laredo's growth is more evident than anywhere else," remarked Mike Burkhart, the company's vice-president Mexico.

JOHN ROBERTS
JB Hunt

In July, Laredo was the largest US import gateway by value, ahead of the port of Los Angeles and Chicago O'Hare airport.

Rail carriers and intermodal providers had kicked off an earlier round of activity in the spring that focused chiefly on rising cross-border traffic with Mexico. The newly minted Canadian Pacific Kansas City (CPKC) forged strategic partnerships with Schneider National and Knight-Swift, while Union Pacific and its Canadian and Mexican rail partners launched their 'Falcon Premium' service.

They clearly see room to grow. So far intermodal traffic accounts for less than 10 per cent of cross-border flows with Mexico. The lion's share moves by truck.

CPKC sees opportunities in Mexico beyond the nearshoring trend. The rail company has been marketing the nation's largest Pacific port, Lazaro Cardenas, as an intermodal gateway for Asian traffic to the US to bypass the US Pacific coast gateways, although this has lost some lustre after terminal operators and longshoremen agreed on new contract terms.

BNSF still sees strong potential in intermodal flows on the traditional core route through southern California. The rail giant is working on its 'Barstow International Gateway', a $1.5 billion intermodal complex with a railyard, intermodal facilities and warehouses in southern California. Sitting on more than 4,500 acres, it will be the largest intermodal facility in North America, according to the railway.

BNSF president & CEO Katie Farmer stated that the complex will facilitate new service lanes and faster transit off the West Coast, along with lower supply chain costs and reduced carbon emissions.

Cargo owners and forwarders will not object to having more options to move traffic to the US interior, especially if the low water levels that have caused restrictions on vessel transits and draught in the Panama Canal turn out to be long-term obstacle. For now, Mexico's strong appeal as a nearshoring hub offers the strongest promise for intermodal service providers and users.

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