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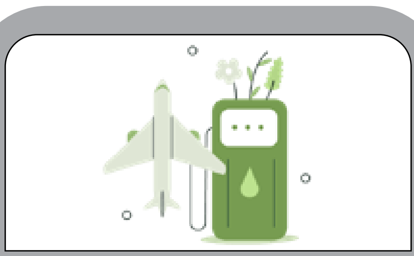

GRIs and port strike threat combine to drive rates higher

Carriers across the globe began the year in a "considerably stronger position"

STRONG gains were recorded on the key transpacific eastbound trades as 2025 kicked off, the result of partial implementation of 1 January general rate increases (GRIs) coinciding with ongoing strong demand.

A seven per cent week-on-week gain to $4,829 per 40 foot – 77 per cent up on the same period in 2024 – was reported by Drewry's World Container Index (WCI) on its Shanghai-Los Angeles leg.

Similar gains were made on the WCI's Shanghai-New York leg, which was up six per cent week on week, to $6,445 per 40 foot, and up 67 per cent against the first week of January in 2024, following a month of strong ex-Asia rates to both US east and west coasts.

In its weekly commentary, Alphaliner noted that, "transpacific spot rates have seen sharp increases of 38 per cent to the US west coast and 23 per cent to the east coast in the past four weeks".

"These rate gains could also be related to the impending labour strikes on the US east and Gulf coasts and to the fear of increased US import dues under the new Trump administration."

> "These rate gains could also be related to the impending labour strikes"

As this issue was going to press, there were strong expectations that further gains would be made on the back of the newly introduced carrier GRIs, ranging from $1,000 to $3,000 per 40 foot, with many believing they would only influence the upward trend in rates.

Further to which, carriers across the globe began the year in what one commentator described as a "considerably stronger position" than the one in which they sailed into at the start of 2024.

The composite rate at the WCI for the first week of January was some 46 per cent up on where it had been at the start of last year, with the Shanghai Containerised Freight Index (SCFI) for the last week of 2024 some 40 per cent up on 2023's last week.

This recent growth has largely been spurred by trades into the US amidst some shippers front-loading ahead of potential strikes and the proposed Trump tariffs, contrasting with the largely static nature of spot rates on the Asia-Europe trades.

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How to Protect Your Business Against Motor Carrier Fraud

by Greg Kritz, Executive VP and Jason Odgers, Senior VP

CARGO theft activities have increased significantly, especially in the United States and Canada. According to CargoNet, nearly 2,500 cargo theft events were recorded across the U.S. and Canada in the first three quarters of 2024, and the total value of stolen goods exceeded $183.5 million.

Organized crime groups have emerged as primary drivers of cargo theft. Many no longer use strong arm tactics to steal cargo but, instead, utilize technology to strategically plan their fraudulent activities that often involve some form of identity theft, fraudulent documentation, or exploitation of cyber vulnerabilities. Common tactics include fictitious pick-up, re-brokering, and intermodal deception.

> "Organized crime groups have emerged as primary drivers of cargo theft"

"**Fictitious Pick-Up**": Organized crime groups strategically buy established Motor Carrier (MC) numbers and register a sophisticated domain address to trick logistics companies into handing cargo over to them, which they subsequently sell on the open market. Unfortunately, no specific regulations currently govern the procedure of transferring/purchasing MC numbers. Spoofing on bid boards (using fake orders to deceive the market and manipulate prices) and identity theft are also commonly used tactics by criminals to steal cargo by deception.

"**Re-brokering**": Double or re-brokering of cargo is, unfortunately, a common practice in the supply chain industry. Bad actors re-broker loads to another provider, often at rates above market level, with no intent of ever paying. They collect freight charges from their client and vanish without paying the actual carrier. The carrier is then forced to pursue the cargo owner for payment, resulting in increased costs for the cargo owner.

"**Intermodal Deception**": Intermodal deception has become a challenging issue and occurs when a motor carrier is hired to move a sensitive or valuable long haul load, which they transfer to an intermodal van and move via a lower-cost intermodal option. They then pocket the difference between the expedited all-motor invoice and intermodal remittance. This practice can result in delays, damage/loss during additional handling, and rejection when chain of custody issues arise.

Strategic Best Practices to Mitigate Risks

While the frequency of these types of crimes continue to rise, they have significant financial and reputational impacts on innocent transporters. There isn't a simple solution, but transportation intermediaries can mitigate risks by employing strategic best practices. Some recommendations include:

Maintain Consistent and Accessible Terms & Conditions of Service: It is advisable to hire a Trade Attorney to prepare bespoke Terms & Conditions documents tailored to fit your specific business needs. The T&C docs will address all your service verticals, clearly defining your role as the Service Provider. Additionally, they will explicitly state liability exclusions and limits of liability, ensuring all aspects of your services are covered.

Have Contracts in Place for Each Customer: A standard document, drafted by a legal professional, will represent you as the Service Provider. It is crucial to diligently review all contracts originating from Shippers, being particularly cautious of enhanced liability terms, waivers of T&C's, and inaccurate definitions of the provider. Consulting with a Trade Attorney and Insurance Provider is recommended to navigate these complexities. Additionally, it is important to carefully select and restrict who within the company has the authority to approve Shipper contracts.

Maintain a Consistent, Robust Carrier & Broker Vetting Process: To ensure a documented, comprehensive, and repeatable process, consider utilizing third-party service providers such as Carrier Assure, Xworks, RMIS/Truckstop, Highway, Carrier 411, and Verified Carrier for vetting.

When selecting a Carrier or Broker, be aware of red flags/key requirements: FMCSA authority that is less than six months old is a red flag, there should be at least one DOT inspection on record in the last two years, and the safety rating should not be unsatisfactory or conditional. Additionally, review safety performance through BASIC scores.

Ensure the Carrier has at least $1 million in Contingent Auto Liability and $100,000 in Motor Truck Cargo Legal Liability, and only accept evidence of insurance from insurance brokers, not the Carrier. Scheduled VIN policies require extra diligence. Verify contact information via the FMCSA database, and if it has changed in the last 90 days, use past information. Avoid virtual addresses. Finally, ensure financial security is provided via a bond or trust.

Formalize Relationships in Writing: Broker/Carrier and Co-Broker Agreements should clearly define the roles and expectations of both parties, as well as their respective liability exposures and insurance requirements. These agreements must prohibit "deferred" services and sub-brokering without prior approval.

The agreements should be executed by authorized representatives of every Carrier and co-Broker before dispatch. Additionally, these agreements need to be reviewed and updated periodically on a fixed schedule. Dispatch should be restricted to approved Carriers who have been properly vetted, have a formal agreement in place, and have a positive track record.

Have Comprehensive Risk Transfer Insurance: Cargo Legal Liability or Contingent Cargo Liability, Errors & Omissions (Professional Liability), and Cyber Insurance (first party and liability coverage) offer essential protection against financial loss associated with motor carrier fraud.

Ideally, you should consolidate your transportation insurance with the same Broker/Insurer to streamline coverage and management. Utilize consultative and collaborative insurance advisors who specialize in transportation-related exposures to ensure comprehensive protection. It's crucial to thoroughly understand your coverage by carefully reading the warranties and exclusions. Additionally, submit all contracts that assign non-standard liability agreements to the Insurance Company for approval to avoid any potential issues.

Some Tactical Best Practices

In addition to our Strategic Best Practices, we also suggest employing the following Tactical Best Practices, so you can identify common tactics/red flags in your operations:

Verify documentation, driver identification, and company vehicle at time of pick-up; strictly adhere to bill of lading and work order terms; enforce use of GPS tracking and enhanced diligence when using public load boards; and decline loads that necessitate variance from established procedures.

Understanding your risks and knowing how to reduce them can help prevent or eliminate the possibility of your company falling victim to fraudulent cargo theft activities.

For questions or further information, please contact us at info@worldinsuranceagency.com.

Note: This article was based on a recent webinar held for members of the WCA and affiliated networks via the WCA Academy and was co-hosted, along with the authors, by Paul Kwiatkowski and Chris Brach of Radiant Logistics. WCA members can view the recording at www.wcaworldacademy.com.

Shippers could see their overall costs for US transatlantic imports skyrocket

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According to an analysis conducted by Alphaliner, some 2.9 million teu of new capacity was added to the global container shipping fleet over the course of 2024, with the bulk of this finding its way onto the Asia-Europe trades.

The liner consultant suggested that some 59 per cent of new ships delivered globally over the course of the last 12 months were now deployed on services running between Asia and North European and Mediterranean ports.

Even so, with the root cause of this growth emanating from the crisis and the need for greater capacity to service the number of ships required to maintain weekly liner schedules over the extended sailing distances, loadable capacity grew by far less.

"On 1 December 2023, a weekly average of 434,940 slots was offered on the Asia-Europe trade. A year later, this had risen by only 38,360 teu, or 8.8 per cent, as re-routing gobbled up capacity," it said.

"While many warned of potential overcapacity in 2024, Cape diversions absorbed so much that industry terminated the year with almost no idle tonnage – just 0.6 per cent of the total containership fleet was deemed commercially inactive," Alphaliner noted.

"Cape diversions absorbed so much that industry terminated the year with almost no idle tonnage"

Further to which, it is now forecasting that 2024 will turn out to be the third-highest earner for carriers, after the pandemic years of 2022 and 2021, as the shortage of capacity continues to keep freight rates elevated.

Even so, the most recent WCI showed a one per cent week-on-week decline for spots on the Shanghai-Rotterdam leg, to $4,774 per 40 foot, although the Shanghai-Genoa leg was left unchanged, at $5,420 per 40 foot.

Both trades were up 33 per cent and 30 per cent year on year, respectively, although this paled when compared to the 81 per cent year-on-year gain recorded on the Rotterdam-New York leg, even if it did end the first week of 2025 flat at $2,720 per 40 foot.

If strikes do kick off on the US east and Gulf coasts – combining with the earlier-than-usual start to this year's Chinese New Year (26 January) – shippers could see their overall costs for US transatlantic imports skyrocket.

For their part, carriers have sought to act, with CMA CGM having announced a $2,000 per 40 foot peak season surcharge (PSS) on shipments into the east and Gulf coasts from Mediterranean loading ports for 18 January.

Added to which, the French carrier has also announced that it will implement a $1,500 per 40 foot surcharge on shipments going from the Middle East/ Indian subcontinent from 15 January.

Nor has it been alone, with container line giant MSC introducing its own $2,000 per 40 foot "emergency operations surcharge" for transatlantic shipments into the US east coast as of 18 January.

Justifying the move, MSC said it was down to "foreseen operational disruption" during the first months of this year, as it reorganises its network on the trade once its split from 2M partner Maersk is under way.

New rules and tariffs by Mexico hit US importers

MEXICO'S government has left US apparel importers "scrambling" for new fulfilment centres after imposing a raft of new restrictions and tariffs, catching industry offguard.

Together with restrictions on temporary imports of textiles under the Manufacturing, Maquiladora,and Export Services Industry programme (IMMEX), the government also upped tariffs on textiles from 20-25 per cent to 35 per cent.

Responding, industry sources said the restrictions would lead to "significant disruption" for a host of US brands that have become reliant on Mexico to meet domestic demand.

Under IMMEX, foreign companies were permitted to import manufacturing goods into Mexico for assembly duty-free, before re-exporting, with the scheme also being used for e-commerce fulfilment from Mexican warehouses to avoid US customs and duties.

Per reports, the newly imposed tariffs were intended to target Chinese imports, but have actually affected Mexican fulfilment centres servicing the US.

One source noted that the bulk of US ecommerce activity is conducted via fulfilment centres out of Mexico, with the centres not bringing goods into Mexico but importing goods into warehouse specifically to re-export these to US customer bases.

Already, it has been claimed that the move has sent ripples through the sector, with fulfilment centres purportedly cancelling customer contracts.

Renfe JV 'privatisation in disguise' say unions

MSC's long talked-up partial takeover of Spain's national rail freight operator, Renfe Mercancias, has inched closer following news that a non-binding agreement has been reached.

Per Spanish media reports, the freight operator's parent company, Renfe Group, and MSC will each hold 50 per cent in a new joint-venture (JV).

While the JV would allow Renfe Mercancias to maintain a small operation to support what have been described as "strategic needs" with a reduced fleet, the bulk of freight services would be transferred to the JV.

Back in September 2023, Voice of the Independent cited rumours that the world's largest container line was circling around Renfe Group's loss-making freight operation.

Together with CMA CGM and Maersk, MSC would find itself shortlisted that year as part of an international tender, permitting it to lodge a proposed bid for Renfe Mercancias, purportedly based around a 50 per cent acquisition.

Subsequently, reports went cold on how things would move forward before news of the proposed JV broke on the second day of the year.

Precise details of the remodelled deal have yet to be made public, but under its initial plans, MSC's acquisition would involve it handing operation of its rail services to its logistics subsidiary, Medlog.

Now expectations are that if the JV goes ahead, Medlog's rail freight arm, Medway, would oversee everything, although the issue of labour looks set to prove problematic.

When the plans to hive-off Renfe Mercancias were announced, Renfe Group stated that all its 945 freight division staff were "guaranteed" to keep their jobs, whether by moving to the JV or finding work elsewhere within the group.

Suggestions out of Spain, however, are that there has been something of a shift, with it now understood that only "most" of the workforce would be expected to stay on.

Unions have been sceptical of the whole affair from the outset, with the "guarantee" in September 2023 failing to address concerns that Medlog's arrival could lead to job losses, and describing the sale of Renfe Mercancias as "privatisation in disguise".

Can airfreight cope with ripples from port strikes?

CARRIERS are cautiously optimistic about the opportunities that will come airfreight's way in 2025, with expectations that e-commerce will continue to dominate, and geopolitics will offer further demand for capacity.

Nonetheless, aside from rampant demand for space for e-commerce, there lingers a concern that much of the growth drivers sit outside the industry's hands.

Referencing the looming US port strikes, Trump's threatened tariffs and new shipping networks, head of TIACA Glyn Hughes said: "What really jumps out at me is the fact that as an industry we are very limited to really control any of that.

"My concern [in regard to strikes] is I don't think we've got the capacity to move more than a microscopic percentage of what could be needed."

> "What really jumps out at me is the fact that as an industry we are very limited to really control any of that"

This, he added, was a consequence of "somewhat limited" capacity, which he noted was dispersed across "many, many flights" and which left him questioning how effective airfreight would be as a response to capacity demand driven by strikes.

If the strikes prompted caution, Hughes believed airfreight could be a major beneficiary of the tariffs.

He said: "You might see Chinese manufacturers saying, 'well okay, I'm going to ship or partially ship for final assembly to Vietnam, to Malaysia, to other parts of South-east Asia', which interestingly could create even more cargo volume.

"So, what is designed to dampen demand, so people will manufacture in the US, could result in an increase in demand for air cargo as production sites proliferate across Asia."

Hopes for the new year come on the back of a 2024 described by chief airfreight officer at Xeneta Niall van de Wouw as "not a bonanza for everybody", noting that forwarders were not as involved in e-commerce as in "more traditional volumes".

"Airlines might have seen a double-digit growth in volumes, but forwarders have not," he said, with Xeneta recording 13 consecutive months of double-digit volume growth.

Questioned on potential threats to the market, van de Wouw noted one he believes may be the "least likely", but if that were it happen posed a potentially huge threat to airfreight operations.

GLYN HUGHES
TIACA

"Major cyber-attacks, or worse, incendiary or self-igniting devices; there were attempts to get these into the air freight supply chain [in 2024]," he said.

"I think it's quite possible that regulators will put many more processes in place, or even embargo freight on passenger planes for a while, until they figure out what is going on, and that could upset the market in just a matter of a few weeks."

Yang Ming eyes new contract talks with confidence

YANG Ming appears optimistic it can force customers' hands at the negotiating table as oversupply fears ease and expectations are that diversions around Africa will continue.

The carrier's chief commercial officer, Kevin Lee, noted that with freight rates climbing year on year, amid high handling costs, the narrowing of the expected gap between supply and demand, down from eight to four per cent, would work in carrier's favour.

"The supply of shipping capacity is still greater than the demand," Lee told a news conference.

"However, due to factors such as the geopolitical Red Sea crisis and the route detour strategy maintained, coupled with the risk of strikes in the eastern United States and continued supply chain disruptions, the direction for freight rates is difficult to predict.

"In Q4 24, they increased compared with the fourth quarter in previous years. We will be cautiously optimistic and closely observe this year."

Sources who have spoken to Voice of the Independent (VOTI) in recent weeks have said they too expect diversions around the Cape of Good Hope to last well into the second half of 2025.

Asked why, they said shippers were concerned about the risk of General Average being declared in the event of ships being attacked and not being covered by insurers.

Furthermore, one source said that shippers also favoured the reliability offered by the longer routing over the potential risks of ships being diverted and services being amended last minute.

Lee said that while the higher rates of 2024 were expected to pump up contract rates for 2025, "the official decision will not be made until March of April".

Pointing to the transpacific trade, chief strategy officer at Yang Ming Ed Wu said demand on the route had been better than expected since December, although he was unable to confirm if this was the result of any front-loading by US importers.

"We cannot be sure if it's due to US president-elect Donald Trump's planned tariffs," said Wu.

"The early Chinese New Year (which falls on 29 January) or the risk of strikes in US east coast ports. We're still monitoring the rush to ship goods to the US." He also refused to be drawn on whether Trump's tariffs were influencing trade elsewhere.

> "We're still monitoring the rush to ship goods to the US"

Wu pointed out that Mexico's volumes had been growing for some time, and others claimed the proposed tariffs could push up triangulated China, Mexico, US volumes.

He added: "Due to the US-China trade war for many years, manufacturers have moved to South-east Asia, resulting in the phenomenon of shifting cargo volumes. Triangular trade depends on the US.

"New policies regarding tariffs on imports from Mexico and other re-export destinations may cause East Asian exports to shift."

Linerlytica has suggested that Yang Ming's recently announced acquisition of 13 post-panamax containerships was indicative of the Taiwanese carrier focusing its efforts on the transpacific trade.

The consultancy recently reported that,"Yang Ming remains the only top-10 carrier, apart from Zim, that does not operate any ships of this [20,000 teu] size".

It added that "the move suggests Yang Ming's future growth will be targeted at the transpacific and Latin American trades, rather than Asia-Europe routes", while local reports have suggested it was open to acquiring second-hand ships.

Spotlight ON

Lars Jensen

Advice for forwarders in 2025: stay nimble and keep your pricing powder dry

chief executive officer and partner
Vespucci Maritime

ASKED to define the key quality small and medium-sized forwarders will require to make it through what looks set to be a complicated year for global supply chains, chief executive officer and partner at Vespucci Maritime Lars Jensen says "Nimble".

Jensen was speaking to Voice of the Independent (VOTI) just two days into the new year, but already believes the key elements for shaping 2025 have made themselves known: tariffs, strikes and new alliances.

"What will define the year, the main elements, they have long been known," says Jensen. "And very rapidly one of those is coming into view with the potential US east coast strike – and I really think we are leaning closer to a strike occurring than being avoided."

As Jensen was speaking, it was announced that the International Longshoremen's Association (ILA) and employer body USMX would resume negotiations on 7 January. "Is this a good sign?" Jensen asks. Formal discussions between the two parties ended around the start of November, with the ILA determined to put an end to the planned automation across US container terminals. Indeed, the issue of renumeration was reportedly agreed months ago. But in the intervening months, president-elect Donald Trump – catching almost everyone offguard – backed the workers, decrying the rise of foreign ownership across US ports. What then does Jensen expect from the resuming talks?

"To some extent it could be indicative that some common ground has finally been found after both sides of the dispute decided to again get back around the table," he says. "Equally, it could be a sign that they have been subjected to political pressure."

As far as political pressure goes, the timing of the looming strike lends credence to this. If a new agreement cannot be reached, workers will down tools on 15 January, just five days before Trump returns to the Oval Office. This, says Jensen, would almost certainly result in a longer strike than the one that took place in the second half of 2024.

"If there is a strike, its impact will depend on how long it lasts," says Jensen. "Looking at it logically. A strike will occur with just four days of Biden's tenure remaining. I think it very unlikely he would intervene. So, Trump would enter office with a US east coast shutdown in place. Then, assuming it is his number-one priority, it will take three days at least for the team to get up to speed. This already brings us to a week."

> "A strike surpassing a month would lead to chaos spreading globally"

While concerning, Jensen did note that the timing of the strike could have been worse.

"It's certainly not coming at the worst time, coinciding with a slack season that accompanies Chinese New Year," he continues. "Nonetheless, if the length of time it drags on goes beyond three or four weeks, I think it would be safe to say that all bets are off. A strike surpassing a month would lead to chaos spreading globally. And the problem is, it cannot be ruled out. But it can equally be said that this is precisely why no one wants to see a strike."

Others have suggested they would expect some form of political intervention. And the working theory had been that, under a Trump presidency, intervention would favour the terminal operators and their determination to automate – with the prospective job cuts that this would entail. Now, however, with the president-elect in support of the ILA, the way this could pan out is anyone's guess, getting to Jensen's opening gambit:that small and medium-sized forwarders would need to be 'agile' in the face of such uncertainty.

"Uncertainty" also hangs over the looming Trump tariffs. Shortly after having won the presidency for a second, non-consecutive term, Trump informed Canada and Mexico, together with China, that they could expect a volley of tariffs accompanying his return to the White House. Whether he moves to follow through on this threat is something likely known only by Trump, and maybe his closest advisors, but already his threats have made waves.

"What will be imposed as far as tariffs go is unknowable, but the risk alone, the large uncertainty around how big these will be, and on whom they will be placed, has forced the hands of shippers," says Jensen. "We have seen US importers front-load cargo. And it makes sense for those that have non time-sensitive cargo and warehouse space. Indeed, they would be stupid not to front-load."

Jensen says this is all a part of the Trump approach, which the returning president's supporters argue is a tactic intended to keep people on their toes. Long-term, though, Jensen does not believe tariffs will prompt a rebound in US manufacturing.

"Will tariffs leads to cargo sourcing back to the US? No, the country does not have a sufficient manufacturing base to meet demand," he notes. "Added to which, because of the cost of manufacturing domestically, it would not make sense. Instead, what we will see is likely a repeat of what we saw last time around. Some Chinese goods will move out to South-east Asia and maybe some to Mexico. Supply chains will rearrange, but US importers won't struggle with this; this is what they are good at, asking 'how can I get my goods, and how can I get them cheaply?' and then acting on this.

Amid all this, Jensen also points to the new carrier alliances. Their arrival, he says, will add further uncertainty to the state of supply chains in the first half of 2025, and likely influence the appetite carriers have for shifting things up again should, for instance, the Suez Canal be likely to return to normal operating status.

> "I would certainly not promise customers long-term guarantees on freight rates"

What then would he say to SME forwarders looking to navigate the increasingly fractious container shipping sector? One piece of advice, "be nimble", we already know, but he also suggests that no big promises be made.

"I would certainly not promise customers long-term guarantees on freight rates," he says. "The risk is we get a prolonged strike and the ability to get carriers to guarantee contract rates drops. This would be dangerous. But also, if there is no strike and the Red Sea crisis ends, spots could drop.

"So, SME forwarders, stay nimble in all directions."

Focus ON

Sustainable fuels the obvious 'gre – but supply and price the stickin

"THE answer is glaringly obvious: the world needs to transition to sustainable fuels," chief executive of Translog Overseas Justo Marmol tells Voice of the Independent (VOTI) when asked what is required to create green supply chains. Marmol nonetheless recognises that the path to getting to clean fuel is one that requires a whole-Earth response. Certainly governments around the world have begun playing their part. In the UK, the Sustainable Aviation Fuel (SAF) Mandate took effect at the start of this year, requiring 10 per cent of all jet fuel to be SAF by the end of the decade. Per government figures, this would result in each airline using 1.2 million tonnes of SAF annually, noted by one report as sufficient to circle the globe 3,000 times. And it builds on the two per cent requirement that is already in place, with the mandate asserting that just shy of a quarter of all flights will be SAF-fuelled by the end of the next decade.

JUSTO MARMOL
Translog Overseas

Contrasted with the European Union's SAF policy, the UK's approach looks markedly more ambitious, at least in the short-term. While both require two per cent of all European services to be fuelled with SAF as of this year, the EU's 2030 target has been set at the lower rate of six per cent, before jumping up to 63 per cent by 2050. But this may in part be a consequence of the Europeans having been more exposed to the realities of satiating demand. Despite welcoming the incentivising impact of regulations, sources have told VOTI over the past 12 months that, for all the good intentions of these mandates, for those on the ground, sourcing sufficient quantities of SAF has proved a hurdle that regulations alone cannot fix. One forwarder says part of the problem is that, with such limited supplies, the larger forwarders and multinationals are getting first bite at the pie, leaving next to nothing for the SME community, who are "if not more keen" to hit environmental targets.

Supply then, is very definitely the catch. Figures from the European regulator, EASA, noted that by the last quarter of 2024, just 0.05 per cent of fuel used across the continent was SAF, with the price as much as five times more than existing jet fuels. Development director at Xpand Logistics Stuart Parker has been a keen voice on the issue of SAF, noting that the conversation surrounding it and, particularly the issue of SAF pricing, is an "interesting one".

"Like everything nowadays, the supplier – in this case the airlines – immediately look to the consumer to take the costs for modernisation," Parker tells VOTI. "You would imagine as we move to more electrical and possibly hydrogen power for vehicles and domestic consumption the price of oil will continue to lower, which should help keep the costs down for the base component of SAF. How long, though, will the airlines hold on to the higher charges as they get used to the higher revenue stream, especially once they see the actual profits increase if the cost drops."

Concern over the way carriers will play it, notwithstanding, Parker believes airlines at least have been working hard to increase their SAF use. And by next year, Manchester Airport – close to Xpand's base of operations – hopes to be the first UK gateway with its own direct SAF pipeline. Offering fuels to customers that are 70 per cent cleaner than currently available jet fuel and fitting in with the aims of the country's aviation sector to be using 10 per cent SAF by 2030. As to switching modes, Parker points to recent studies challenging the environmental benefit stemming from "green" shipping practices.

"There are current studies showing that a move to low-sulphur fuels by cargo ships has actually contributed to an increase in ocean temperatures," he continues. "The ships no longer produce the water emissions that formed artificial clouds reflecting sun rays back to space.

It is only a small increase, but projected to become an issue in the coming decades."

Director general of Clecat Nicolette van der Jagt tells VOTI she believes – at least as far as aviation goes – in the short-term the emphasis has to be on making SAF a viable alternative to the more environmentally detrimental existing options. As to what organisations like hers can do, she believes there is a need to support "mechanisms like SAF book-and-claim systems, and advocating for global market-based approaches to avoid market distortions".

In the meantime, though, what can SME forwarders do to compensate while they await the freer flow of SAF? Marmol says what's needed are products that can help forwarders tackle the areas over which they have greater control. Asked which products he particularly values, Marmol points to the Pledge. The accredited emissions monitoring platform joined the WCA fold in March 2023 after the network struck up a partnership with the platform's operator, the Global Logistics Emissions Council Framework (GLEC). WCAworld regional manager for Europe Randy van Velthoven told VOTI shortly after the product went live for WCA members that Pledge had been "the ideal partner", noting that it "fit perfectly into our sustainability programme, ECO", which began in 2021.

> "Emissions are a huge part of our daily activities, and it is key for us to be able to calculate these emissions in the most efficient way possible"

Nearly two years in and WCA members have voiced strong support for the platform, with Marmol noting that while forwarders are not specialists when it comes to fuel, "what we know is that global supply chains need to adapt to the new era of reducing CO_2 emissions, and we need products like Pledge that can help each and every WCA member to ensure the reduction of CO_2 emissions and compliance with increasing regulations requiring businesses to do their part in tackling climate change".

Marmol continues: "Sustainability is a main concern nowadays, and unavoidable for companies. Regulations will affect the forwarding community and, in particular, the SME forwarding community more than most, and for this reason it is essential to adapt internal procedures to be able to join this evolution."

Asked what he and the team at Translog were doing to reduce their environmental footprint, Marmol says the company has engaged in a series of changes. For 2025, he notes that one of the central policies in this push will be the move to "zero paper". To achieve this, he says, Translog is investing significantly in digitising its business practices, adding that this in turn will prompt a "change in our daily operations". He again takes time to highlight the part played by the WCA in helping companies make this transition effectively, noting that "tools and programmes like Pledge are a great support for freight forwarders".

"Emissions are a huge part of our daily activities, and it is key for us to be able to calculate these emissions in the most efficient way possible," he says. "These tools allow us to offer a more

Environment

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efficient service to our clients, as well as meeting their demands. In the end, it is this that is the most important aspect for us, as it is these sort of practices and offerings that give WCA members the tools necessary to compete with the giant freight forwarders."

Together with the products it has made available to members in their sustainable push, the WCA Academy has also been hot on developing training courses offering advice on how to meet environmental targets. General manager of the WCA Academy Leah McKenna tells VOTI that alongside the free webinars offered up for the Pledge platform, the academy is also offering the Introduction to the GLEC Framework programme. Alongside providing an introduction to the framework and its focus on emissions accounting, the course will teach participants GLEC's applicability to different aspects of the global supply chain, together with giving them the capabilities to calculate, report and understand the various Scope 1, 2, and 3 emissions. And it seems the appetite is there. Of its 400-plus registered members, more than 25 per cent registered to attend the first of the live events, with van Velthoven telling VOTI that for 2025 the plan is to "hold a live webinar every quarter, in partnership with Pledge". Looking forward, McKenna adds that the plan is for more courses on sustainable practices to follow in the early half of this year, with a number of forwarders believing provision of sustainable practices may be one way in which the SME community

GUENTHER JOCHER
Group7

can gain a competitive advantage over the larger forwarding outfits and the multinationals.

Although for some forwarders, there was a feeling that what was needed was "pretty much common sense by now," there was a sense from many of those forwarders VOTI spoke with of the need for training, a point van der Jagt was keen to elaborate on, telling VOTI she saw training and awareness-building as integral to any effort intended to make supply chains greener. Similarly, there was vocal appreciation for the work undertaken by the academy (as well as other training institutions). Group7's managing director, Guenther Jocher, was one of a number of people who say training programmes are a real necessity, "in order to get the people to really understand why things like sustainable fuels, are increasingly important and why it really does make a difference, even if sustainable fuels are currently a little higher priced".

Jocher adds: "Without the deep understanding of the matter a change cannot take place. This is also why we have been training our staff for several years to understand why we offer the products we do, and why we commit to so many sustainability programmes and guidelines like the DGNB and H2.B."

Speaking on both of those, Jocher starts with DGNB, otherwise known as the German Sustainable Building Council, stating that this played a key role in the development of Group7's new company headquarters in Munich. Using criteria provided by the DGNB, Group7 has managed to construct the new facility – which is set to open this year – under the Council's "Gold Status".

"As with all other Group7 facilities, the new headquarters have been built according to the Gold Status of the German Sustainability Building Council," Jocher continues. "The new headquarters will have a big park-like campus area with a lot of trees and local flora and fauna. Further highlights include charging stations for electric vehicles and bicycles, a photovoltaic system with which we can produce enough electricity to power our operations."

Group7 also signed up to the Hydrogen Alliance Bavaria, which developed the H2.B "hydrogen offensive", as it looks to "consolidate and expand the strong position of the Bavarian industry and science in the important future field of hydrogen". Jocher says that he and the team at Group7 are keen to "continue driving the H2.B hydrogen-offensive", noting that one of its central aims is to "bring hydrogen-powered trucks on to the roads". In fact, one gets the sense that the push for greener logistics is occupying a large part of Group7's time at present.

"The EU-Guideline Corporate Sustainability Reporting Directive (CSRD) will come into effect for us in 2025 and the preparation has been keeping us busy throughout the past year," Jocher continues. "Even though we have for many years been offering tools like our Group7 CO2 calculator, there is a lot of bureaucracy involved in the CSRD guidelines, and they will keep us busy. And, of course, our other commitments will also remain the coming year – we just recently renewed our participation in the Bavarian climate pact, with which we voluntarily commit to higher guidelines for environmental protection as required by law."

Like Marmol, van der Jagt was keen to note that transitioning to sustainable fuels remains a cornerstone of decarbonisation. And, given this reality, she says it is imperative that people realise this necessary transition would prompt short-term cost increases due to higher prices for cleaner energy sources and necessary infrastructure investments.

"We support companies to pursue an emissions reduction strategy by enabling transport operators to accurately calculate, monitor and compare their emissions, facilitating behavioural change of transport users," she continues. "The timely adoption and implementation of CountEmissions EU will be paramount to achieve this objective. And in 2025, Clecat's sustainability agenda is firmly aligned with the need to implement recently adopted EU legislation, such as the fit for 55 package. The implementation of the EU Emissions Trading System (ETS) and the FuelEU Maritime Regulation marks a significant shift towards decarbonising shipping. Clecat is dedicated to supporting its members through these transformative changes by advocating for transparent cost structures to ensure that the financial implications of ETS and FuelEU Maritime are clearly communicated and equitably distributed among shipping companies, freight forwarders, and shippers."

That focus on equitable distribution of the costs has been welcomed by forwarders, but van der Jagt says there is more needed from the carriers, noting that to decarbonise supply chains effectively, businesses need accessible and reliable information about the ships involved in their operations. This data, she continues, is vital for companies to measure and reduce the Scope 3 emissions, which has become a growing priority for environmental commitments.

"Without clear and accurate reporting on emissions and the costs associated with climate measures, businesses are unable to make efficient, informed decisions," she adds. "At the same time, we encourage global regulatory alignment and the efforts of the IMO working towards harmonised international frameworks to prevent market distortions and maintain fair competition.

"In the road freight sector, Clecat is focusing on the deployment of zero-emission vehicles and the necessary infrastructure, addressing cost disparities. Furthermore, we continue to call for easier access to finance for transport companies, in particular SMEs, for fleet renewals and other innovative and green investments. This can be achieved through dedicated administrative support and simplified financial support schemes. Unfortunately, this is currently not going in the right direction in some EU member states."

NICOLETTE VAN DER JAGT
Clecat

WCAworld says farewell as long-serving veterans retire

WCAWORLD is saying goodbye to two of its longest serving lieutenants, beginning 2025 with the announcement of a raft of management changes across its Dangerous Goods and Projects networks.

Following 11 years at the helm of both networks, and more than 40 years of service with the Projects network Bruce Cutillo retired at the end of 2024, with long-time Voice of the Independent (VOTI) contributor Adam McKenna stepping up as its new general manager.

> "It has been a privilege working with such highly professional members, many of whom I count as friends"

Commenting on the news, Cutillo told VOTI: “WCA Projects has been the most enjoyable part of my career since 1981. It has been a privilege working with such highly professional members, many of whom I count as friends.”

During Cutillo’s time with WCA, Dangerous Goods and Projects were elevated into two of the most respected independent forwarding networks, with Dangerous Goods now boasting 160 member offices spread across 45 countries.

Similarly, WCA Projects has become recognised for the stringent quality standards it sets and for the dynamic member partnerships it has formed under Cutillo’s leadership, who is leaving it with some 400 member offices worldwide.

UK-based McKenna steps up as general manager of Dangerous Goods, having led three other WCA networks, WCA Perishables, WCA Pharma, and WCA Time Critical, with the wider management confident he will bring the same dedication to Dangerous Goods.

Commenting, WCAworld said: “Adam has a clear vision for growth and is eager to build on Bruce’s accomplishments, beginning with the inclusion of Dangerous Goods members at the WCA Specialty Logistics Fair in Dubrovnik, Croatia, in 2025.”

Adding to his position as managing director of the EGLN Network, Amsterdam-based Erwin van der Genugten will take on Cutillo’s role as general manager of WCA Projects in addition to his role.

Like McKenna, WCAworld has expressed strong support for van der Genugten: “With nearly a decade of collaboration with Bruce and a deep understanding of the network, Erwin is committed to ensuring WCA Projects remains a trusted name in project logistics.”

Together with Cutillo, Lognet Global’s managing director Brian Churchman also retired at the end of 2024, following what WCAworld described as “14 years of remarkable service”.

It added: “Brian’s visionary leadership transformed Lognet into one of the most dynamic and respected freight forwarder networks, known for its exclusivity and quality. His unwavering commitment to supporting members and embracing innovation has left an indelible mark.”

BRUCE CUTILLO
WCA Projects

BRIAN CHURCHMAN
Lognet Global

Succeeding Churchman in the role is Bryce Barnhart, who has served as a long-time senior manager with WCAworld, bringing with him some 15 years of network experience, including leadership roles in North America and in-house NVOCC All World Shipping.

Expressing gratitude for his times with WCA, Churchman said he was “truly proud to have supported Lognet Global’s members and will miss the camaraderie, especially at our conferences. I wish all members continued success in their business and personal lives”.

While chair and founder of WCAworld David Yokeum remarked the “retiring leaders have set the gold standard for network management. We’re deeply grateful for their contributions and confident that their successors will lead with the same passion, dedication, and innovation”.

A ‘new chapter’ for India’s Afcom as it enters booming airfreight market

INDIA’S booming airfreight market has welcomed its latest player – Chennai-based Afcom Holding has opened a new route between its home base and Bangkok.

Describing it as a “new chapter”, Afcom will utilise one of two converted B737-800 freighters it holds on an eight-year lease for the service, offering some 22 tonnes as its tries to tap into the surging e-commerce volumes between Thailand and India.

The carrier added that the new route would “enhance trade connectivity and ensure seamless cargo transit for business across the region”.

The move comes a little over two years on from the launch of dedicated freighter operations, the firm having previously serviced cargo needs for a little over a year via a series of strategic arrangements with other carriers operating intra-Asia routes.

Together with announcing the new Chennai-Bangkok operation, Afcom also appointed Taylor Logistics (TKK Group) as its general sales and service agent (GSSA).

Chennai-based TKK has been appointed to manage the carrier’s enhanced capacity and growing network reach, with Afcom stating that the partnership was driven by the “commencement of dry-lease aircraft operations”.

Afcom’s optimism over opportunities in Indian airfreight is one shared by several other home-grown freighter operators.

Both Delhi-based Pradhaan Air Express and Bangalore’s Quikjet have sought to develop their offerings, citing expectations of a promising market-building off the back of the expanding Indian economy, with hi-tech manufacturing seen as a major opportunity.

And, if last year is anything to go by, there is reason for such optimism as India’s air cargo sector outperformed the wider global airfreight market.

Research firm Trade Data Services (TDS) has also bet on this trend continuing, stating that “over the next five years, we expect [Indian] cargo traffic could grow from about 3.7 million tonnes today up to 5.8 million tonnes, or about six to nine per cent a year”.

Furthermore, it also said international volumes out of India, accounting for some two-thirds of the market, could outpace growth in domestic shipments.

Commentators noted this could, in turn, prompt greater attention from global carriers, adding further capacity to the market, with TDS pointing out that having “outperformed both the global and Asia-Pacific average, [India] was on track for around 19 per cent growth in 2024”.

Emirates, Etihad and Qatar Airways dominate in terms of Indian market share, but Air India and IndiGo are eyeing widebody fleet expansion, while Lufthansa has also upped capacity.

New year, new airfreight services

AIRFREIGHT activity between Asia and Europe has kicked off 2025 at a barnstorming pace, with multiple new services already added.

Among those to dip their hat in the ring, has been MSC Air Cargo, which launched a service connecting Amsterdam and Seoul, expected to make use of its five-strong 777 freighter fleet operated by Atlas Air (four aircraft) and AlisCargo Airlines (one aircraft).

MSC – also operator of the world's largest container line – said that its "extensive road feeder network" meant shippers "from anywhere in Europe" could make use of the new service.

Not wishing to be outpaced by its liner competitor, Maersk also announced that its air cargo subsidiary had launched a six-flights-a-week operation between Zhengzhou in China's Henan Province and Billund in Denmark.

This service would make use of Maersk Air Cargo's 767F and would primarily focus on the cross-border ecommerce and electronics markets.

Expectations are that the MSC Amsterdam-Seoul operation has been launched in part to compete with Air Incheon's newly announced plans, which include a service between the South Korean capital and Brussels, following regulatory approval for its takeover of Asiana's Cargo arm.

That approval paved the way for the deal, which is thought to be worth some $340 million, and which Air Incheon looks to celebrate with the launch of US services on 1 July.

"including, but not limited to, freight forwarder and split charters"

As 2025 began, the South Korean carrier lodged applications with the US Department of Transport for approval of a series of scheduled and on-demand cargo services between its home base and the US.

These include a flight between Incheon and Los Angeles, making use of one of its 747 freighters or a 767 freighter.

It also applied for several 747F services running: Incheon-Anchorage-Chicago O'Hare-Dallas Fort Worth-Seattle; Incheon–Anchorage-Chicago O' Hare-Atlanta; Incheon-Los Angeles-San Francisco; and Incheon–Anchorage–JFK–Brussels.

Together with these, its application noted that it would fly charters, "including, but not limited to, freight forwarder and split charters".

And on the topic of takeovers, Air Atlanta Iceland has taken over the operation of a 747 freighter formerly used by China Airlines Cargo, which it intends to run on behalf of Network Aviation Group.

Globalink expertise completes power project

COMPLETION of a project involving the transportation of critical components for the Combined Cycle Power Station in Uzbekistan's Talimarjan has cemented Globalink Logistics' reputation in the project cargo sphere.

In total, Globalink moved more than 500 tonnes of equipment for the Uzbeki power station project, with the final load comprising two 130-tonne engines and four 75-tonne generators.

Commencing the journey in Turkey, they traversed Kazakhstan's Kuryk and Bautino terminals, making use of sea-river vessels, before embarking on what Globalink called "a complex land journey" to the final destination.

It said: "From detailed planning to flawless execution, Globalink ensures that even the most demanding projects are completed on time and beyond expectations.

Going on to add that the project showcased "Globalink's ability to provide end-to-end solutions for oversized and heavy cargo, leveraging decades of regional expertise in Central Asia, the Caucasus, and CIS".

Despite the confident report, the company noted that in completing the project, it had to contend with a series of major hurdles.

These included low water draughts, strong winds and infrastructure obstacles, but it noted its Industrial Projects Unit completed the project "with unmatched precision", with its Road Survey team pivotal to identifying and mitigating challenges.

Before adding: "The team ensured secure loading, lashing and transportation using a modern heavy-haulage fleet and in-house engineering expertise."

LatAm the region to watch, but capacity may be key

LATIN America has been touted as the region "to watch out for this year" in the container shipping market, following a wave of new capacity being pushed its way during 2024, amid expectations of an economic upturn.

Alphaliner recorded it had witnessed a "very steep increase in the capacity of liner services to and from Latin America" over the past 12 months.

It noted: "This includes both deepsea and regional loops, where 15 per cent of the global fleet is now active. These trades received 853,000 teu of capacity during the past 12 months, representing a 22.4 per cent year-on-year rise.

"This includes both deepsea and regional loops, where 15 per cent of the global fleet is now active"

"To put it differently, 16.9 per cent of all additional tonnage which was added to the fleet during the last 12 months was assigned to Latin America-related services."

Nor is Alphaliner alone in highlighting the region, Maritime Strategies International's December container market analysis recorded volume growth between Asia and Latin America in the first nine months of last year spiking beyond 10 per cent.

All of which will be music to forwarders' ears; they spent the better part of 2024 warning of a looming capacity crunch as regional manufacturing output began to skyrocket.

Forwarders told Voice of the Independent (VOTI) that North America's near-shoring drive was resulting in countries across Latin America winning more final-production jobs, leading to a boost in exports to its northern neighbours.

"Obviously, this is good for the continent, but what we are not seeing is an increase in container capacity by the carriers," one Brazil-based forwarder told VOTI late last year.

"Our company deals with a lot of container volumes; we deal with a lot of finished products, but also soy and corn shipments up to the US. There is real commitment to this trade, but we are experiencing a lack of capacity at the moment."

Insights IN

Environment – comment by Charlie Bartlett

Battery-electric drive reaches a fork in the road

ON 1 January, tough new EU laws came into effect forcing European carmakers to make at least 20 per cent of their line-up battery-electric vehicles (BEVs), or face fines of as much as €15 billion. The law is fiercely lobbied against by European carmakers that do not want to sell cheap EVs.

In September, Volvo, until now a leader in electrification with one of the few sensible ranges of electric trucks and HGVs on the market, stepped back from a commitment to switch entirely to battery-electric vehicle production by 2030, saying it wants to produce hybrids instead.

Only in the last few months, as the January 2025 deadline drew closer, did European makers, noses held, begin to release some new BEVs.

This has left China to take advantage, deluging the market with cars like BYD's Dolphin, which sells for €30,000 including a 17 per cent tariff – but can still make a profit selling for as little as ¥99,800 (€13,080) within China. Chinese-made cars made up 21.7 per cent of Europe's new car sales, while Chinese brands like BYD account for around eight per cent.

In the US market, where Chinese-badged cars are not sold, Chevrolet killed off production of America's cheapest BEV, the Bolt.

Amid the confusion are trucking companies: on the one hand, held hostage to mounting environmental legislation; and on the other, to the caprices of carmakers. Tesla, which holds 55 per cent of the consumer BEV market in the US, has struggled with the credibility of its Semi battery-electric truck. In 2023 testing with PespiCo, summarised by NextBigFuture, it carried a 20-tonne payload 853 kilometres on a single charge. In the same test, Freightliner's eCascadia, with half of the Tesla's battery capacity, pulled 23 tonnes for 354 kilometres; and Volvo's offering, the VNRe, laden down with just over half the Tesla's battery capacity, managed 443 kilometres with 20-tonne. Later testing of the Tesla Semi had 675 kilometres with an altogether more impressive 34-tonne payload.

But with the immaturity of battery-powered-haulage in general, and so much depending on the constant development of lithium-ion cells, like-for-like comparisons are difficult to find. What is not in question is the expense: all the manufacturers are expecting between $250,000-500,000 for their class-8s BEVs.

As well, none of the truck OEMs are interested in swappable batteries, a common talking point at the outset of truck electrification discussions. Able to be charged slowly while the vehicle is underway -- rather than for hours or more while stopped – swapping batteries could be a user-friendly and future-proof approach. But it has been categorically ruled out by truck OEMs, including in conversation with your correspondent. "We do not think swappable batteries is a good solution, for several reasons," said one spokesperson for Volvo Trucks. "The time to charge electric trucks is more and more reduced with higher charging power, and thus the possible time gain from swapping is reduced. It takes longer than you think to swap large heavy truck batteries that have an active liquid cooling system."

Various projects are underway in the Far East, including China, bellwether and inarguable world leader in battery tech. Here, CATL, one of the largest battery players, is planning to roll out 1,000 EV battery swap stations across China. Mitsubishi Fuso, part of Daimler, is working on a project targeting last-mile delivery vehicles in Japan, with Ample, a battery-swapping startup that hopes to install drive-over battery swapping stations around the globe.

Their vision is one of batteries-as-a-service, wherein vehicle owners would no longer have to worry about taking ownership of a rapidly-depreciating EV battery. User-friendly for trucking companies, this approach would leave them with a more asset-light operating profile, and only with the limited wear-and-tear on an electric motor and drivetrain, tyres and suspension to deal with. This way, BEVs could even be an upgrade operationally, compared with the hassle of maintaining and fixing a diesel engine.

With the help of battery-swapping EV capability. Janus Electric, an Australian company, is transforming perfectly viable vehicles from the 1990s into 21st Century haulage behemoths. As one industry insider told your correspondent recently: "If you bought an electric prime mover truck from an OEM, apart from paying $450,000 - $600,000, you are limited with the range of that truck... so even as battery technology improves, you are still stuck with an expensive (and rapidly depreciating 'asset') with an inferior range... after seven years the battery cannot be recharged, and you have to fit it with a new one which currently costs $220,000 - $240,000 -- so the Total Cost of Ownership (TCO) does not stack up."

The battery-swapping paradigm has a major hurdle to overcome, though: namely, that it is in opposition to the current business model of car and truck makers.

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Avianca Cargo spreads its wings – and those of other carriers

SINCE early November, Avianca Cargo has been marketing a transatlantic freighter link – without fielding a plane. Turkish Airlines, which formed a strategic alliance with the Latin American carrier in 2023, started a weekly B777F run from Istanbul via Liege to Miami, to connect with Avianca flights all over Latin America. Avianca has a fixed allocation on the transatlantic leg, which it uses to expand its footprint in the European market.

The freighter supplements the carrier's transatlantic belly capacity serving Madrid, Barcelona, Paris and London. With 3-4 daily flights, the Spanish capital is its main European gateway, fed by truck from other European countries, said Diogo Elias, senior vice-president of cargo.

Madrid also serves as a link for Asia-Pacific shipments, but the lion's share of this traffic for Avianca flows through US gateways, primarily Los Angeles, which serves as the airline's second US hub. Miami is the main hub, but it has few direct flights from Asia, noted Elias.

Only part of the flow from Asia through LA connects to Avianca's own flights. The other part transfers to freighters of Aerounion, its Mexican partner, to which Avianca has given an A330F aircraft to supplement its freighter line-up.

Avianca stepped up its own freighter flights to the US from 10 to 12 a week in October, but its freighter fleet expansion has been slower than planned, owing to the supply chain problems that have hampered aircraft output at the large manufacturers. Instead of three new freighters as planned, the airline received only one in 2024. The other two are scheduled to join the fleet in the first half of 2025, said Elias.

He reckons that aircraft construction will remain constrained for the coming 1-2 years, adding that this affects both freighter and passenger aircraft deliveries, which forces him to move slowly with the network expansion. The planes coming into the fleet this year will be used to strengthen routes to North America. There is no capacity to spare to mount freighter flights to Europe for the time being, he said.

This makes the partnership with Turkish Airlines all the more important, and Elias hopes the frequency on the new freighter route will be doubled before long.

With transatlantic reach until recently limited to passenger flights and no proprietary service to Asia, interline activity with other carriers like Cathay Pacific has been an important plank in Avianca's cargo strategy, and strengthening these has been a major focus for Elias.

DIOGO ELIAS
Avianca Cargo

At the same time the cargo division has taken steps to beef up its capacity on the ground, which has seen investment in handling infrastructure at major gateways. The airline has installed roller floors in its cargo facilities in Medellin, Bogota, Quito and Miami and invested in cold chain capacity in Los Angeles. The investments in Miami and Bogota have increased peak season capacity by 83 per cent and improved average turn-around efficiency by 20 per cent, according to the airline.

The product portfolio and service credentials have been other areas of attention over the past three years. The airline has upgraded its product portfolio and has got all current CEIV accreditations for pharmaceuticals, perishables, live animals and lithium batteries. Elias has IATA's DG AutoCheck solution on his radar as another possible avenue to promote standards in the industry.

Vis-à-vis the customers, Avianca Cargo has signed up with CargoAI, cargoONE, and WebCargo for online bookings. Through Airblox it offers over 280 flights for electronic block space agreements over a two-month period to offer forwarders flexibility and guaranteed cargo space.

The digital infrastructure that supports these capabilities has also allowed the airline to capture and publish its carbon emissions. The carrier teamed up with climate technology company CHOOOSE to launch a platform that allows clients to monitor and offset their carbon emissions in real time.

With new three more A330 freighters joining the fleet (the last one is scheduled for delivery in 2026) besides new passenger widebodies, the airline is eager to trumpet its credentials in this arena, claiming to be operating a fleet that is about 51 per cent younger than the average cargo aircraft in Latin America.

Elias would love to get his hands on new freighters today, as the cargo business was strong in 2024, producing a strong reversal from the decline that set in during 2022, when inflation was weakening demand while capacity was on the rise with the resumption of passenger flights. What changed the picture in the past year was the belated turbo-charge from e-commerce, which grew in leaps and bounds in Latin America in 2024.

"We've seen a big effect in Latin America," said Elias. Avianca's load factor in the third quarter of 2024 was up 5 per cent from a year earlier.

Brazil has been one of the countries where the authorities have made noises about stemming the tidal wave of e-commerce imports. Measures fielded so far have not taken a hit on volumes, he observed.

The boost in load factors and yield is likely going to look even more pronounced in the fourth quarter results. In addition to increased demand, the airline has benefited from the decision of several carriers to shift freighters from Latin America to the more lucrative Asia-Europe sector for the peak season. Air France KLM, Lufthansa, Cargolux and Qatar Airways all pulled freighters out of the market. For the most part, they reduced their capacity in Brazil and Chile, but left their presence in the flower markets unchanged, according to Elias.

He is not worried about the expected return of these flights. Avianca's result would be positive even if they had remained in the market, he said.

Relief for shippers as east coast strike is averted

DONALD Trump looks set to return to the White House without chaos on the US east and Gulf coasts, after news broke as this issue was going to press that a tentative deal between the unions and employers had been agreed.

International Longshoremen's Association (ILA) president Harold Daggett singled Trump out as having proven himself "one of the best friends of working men and women in the US".

"President Trump clearly demonstrated his unwavering support for our ILA union and longshore workers with his statement 'heard round the world' backing our position to protect American longshore jobs against the ravages of automated terminals," added Daggett.

Daggett's gushing aside, the deal was not complete as this issue went to press, but with both sides confirming that "tentative" agreement on all items had been reached for a new six-year master contract, the situation was looking positive.

Included in the agreement was confirmation that the existing contract would remain in place both sides could schedule and ratify the terms of the new contract.

In a joint statement, the ILA and employer body USMX said: "We are pleased to announce that ILA and USMX have reached a tentative agreement on a new six-year ILA-USMX master contract, subject to ratification, thus averting any work stoppage on January 15."

Voice of the Independent

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