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Cathay under fire as carrier hikes fuel surcharge



January and February FSCs across the carriers were broadly on a par with each other

CATHAY Cargo has been slammed for ramping up its cargo fuel surcharge (FSC), while other carriers have largely kept theirs flat, after more than a month of war in Iran.

January and February FSCs across the carriers were broadly on a par with each other, ranging between \$3-\$4 per kilogram (kg), however, 20 March saw the Hong Kong-based carrier ramp up its long-haul FSC from \$3.20 per kg to \$12.90.

Pointing to the war in Iran and surging jet fuel prices, Cathay's director cargo, Dominic Perret, said the situation had created "challenge and volatility" across the industry.

"The surge in the price of jet

fuel is placing considerable pressure on airlines around the world," Perret added, having cited IATA data noting global average jet fuel prices rose to \$197 per barrel by 20 March, having been at \$95.95 a month earlier.

Even so, Atlas Air and Lufthansa both held their FSCs between \$3 and \$4 per kg, with only minimal increases recorded at China Airlines and Japan Airlines.

Forwarders slammed the move by Cathay, adding to

questions raised by others in the sector as to how precisely carriers come up with their

surcharge rates, with one telling Voice of the Independent (VOTI) "they just pluck these things out of thin air".

Air Charter Service's head of cargo, Dan Morgan-Evans, seemingly concurred, telling VOTI the variation had become increasingly difficult to justify.

He added: "Obviously we're in the same boat as everyone else - oil prices are the major factor

in our business right now. But fuel surcharges vary significantly from carrier to carrier", noting links between costs and pricing were unclear.

"You would think a lot of airlines had hedged their fuel - perhaps they didn't, or they're using fuel price increases as an excuse," he said.

"For us, it's difficult. Customers understand what's going on in the market, but it's still a tough pill to swallow when previously contracted flights are suddenly hit with huge fuel surcharges."

Cathay Cargo said hedging offered only partial protection in the current environment.

Continued on page 3

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Airline customers also facing spiking rates

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"Like many airlines, Cathay undertakes fuel hedging to manage price volatility. However, in 2026 our hedging covers only around 30 per cent of the crude oil component and does not apply to the refinery component," Perret said.

"Fuel surcharges are an important mechanism to mitigate and recover a portion of our incremental fuel costs. We have had to increase FSCs in response to jet fuel prices."

Alongside FSCs, airline customers are also having to deal with spiking rates driven by a market contending with supply constraints according to

WorldACD data, even if demand growth continues to dip.

Tonnages for the final week of March remained flat week on week, having dropped one per cent a week earlier, with year-to-date tonnages now down six

"We have had to increase FSCs in response to jet fuel prices"

per cent on the same period 2024-2025.

Despite that, average global full-market air cargo rates hit a new high in the final week of March, at \$2.98, although there was a possible silver lining.

Where a week earlier rates had

climbed 10 per cent week on week, the rate of increase in global airfreight rates heading into April was just five per cent – although forwarders VOTI spoke with

seemed prepared to cough up if it secured capacity.

"At this point, what we need is lift and we are not getting it because so much has been taken out by the issues in the UAE and other Gulf countries," one forwarder said.

Nor is the Middle East alone in struggling with heavy capacity constraints, a similar situation has developed in the South Asia region, where volumes are still significantly below pre-conflict levels.

All of which has created an unenviable situation for airline users, as rising jet fuel costs combine with backlogs, operational restrictions and tight space to push rates high.

That, it seems, is the picture across most major lanes, with commentators noting that "for now" the market remains highly sensitive to geopolitical



DAN MORGAN-EVANS
Air Charter Service

developments and oil prices, although Morgan-Evans said this could change.

"If we get a peace deal and the oil price drops, then potentially we'll see a weird little mini spike in the middle of the year," he said.

Absent prospects of any peace deal – which presently seems unlikely – Morgan-Evans said that the sector remained in what he described as "unknown territory", with pricing, capacity and demand all subject to rapid and unpredictable change.

ANA begins air cargo carrier merger at last

ANA Holdings will this month (April) begin the process of merging NCA, NCA Japan and ANA Cargo into a single freight organisation, following its protracted acquisition of NCA amid regulatory issues.

First steps will see the consolidation of its Japanese warehousing operations, alongside those in overseas stations deemed key, including Chicago O'Hare, with it further moving to unify its international sales structures.

ANA claimed integration would result in improved alignment between its freighter and passenger network and would strengthen its position as a "combination carrier", while also bolstering its customer responsiveness.

Taking this decision puts ANA on a separate course to that taken by compatriot carrier Japan Airlines, which has adopted a more asset-light cargo strategy that relies on partner-operated freighters, bellyhold capacity and multimodal solutions.

But, with NCA boasting an operating fleet of eight 747-8 freighters, ANA also acquired significant dedicated long-haul cargo capacity, particularly on routes between Asia, Europe and North America.

Hopes are that the reorganisation will result in ¥30bn (\$200m) in integration and synergy benefits and will form the cornerstone of its plan to bolster its cargo business in what is considered an increasingly competitive airfreight market.

Plans to overhaul its cargo activity were a long time coming, having been delayed by the protracted takeover of NCA, which was initially announced in 2023 but only got over the line last year following regulatory scrutiny in multiple jurisdictions.



Forwarders down under face 'perfect storm' of chaos and costs

AUSTRALIAN forwarders have called for government support amid surging shipping costs and an upturn in end-of-voyage charges being levied by carriers as the war in Iran ekes into a third month.

Together with the Australian Peak Shippers Association (APSA), the Freight & Trade Alliance (FTA) warned war-related costs were adding more than A\$5,700 (\$4,000) per teu to final shipping bills.

In a joint letter to prime minister Anthony Albanese, the FTA and APSA said that charges were "often imposed without notice and after the cargo has already been handed over".

APSA secretariat and director of the FTA Paul Zalai (below) said that forwarders and shippers were left with "no leverage" and were being "forced to absorb charges they didn't agree to, can't verify, and simply can't avoid".

"This is a perfect storm of global disruption and market imbalance with

Australian exporters are wearing the cost," Zalai added.

The letter to Albanese urged the Australian government step in and provide "targeted financial assistance for Australian exporters to offset emergency conflict, war risk and deviation surcharges" noting that costs would "inevitably" be borne by consumers.

Among the more egregious carriers are demanding stem from the carriers unilaterally invoking end-of-voyage declarations.

This, Zalai said, was shifting "responsibility mid-transit, leaving exporters exposed to recovery, storage, and rehandling costs", with multiple forwarders the world over telling Voice of the Independent (VOTI) they have had boxes "dumped anywhere".

One forwarder told VOTI that they had experienced an instance in which Dubai-bound boxes were left in Qingdao at the start of a rotation.

"Carriers are literally pulling into any port and offloading cargo, with it left up to us to work out how to get the cargo to its final destination. This is resulting in loads of additional costs being dumped on us too," another forwarder said.

"There is the fee we are charged for the unloading, then they are also hitting us with storage charges."

An MSC end-of-voyage advisory seen by VOTI informed customers that they would face a charge of \$800 'per box unloaded' and that further charges applied for storage, the FTA noting such practices were hitting the country's perishable goods economy hard.



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Focus ON

Just-in-time grows up includes backup planni

WHEN it comes to the time-critical sector at this particular juncture in world history, it is perhaps not all that surprising to hear it is experiencing something of a boom period. Amidst the tumult of the decade, the need for emergency deliveries has been on the increase, but against this, there also appears to be a shift in the make-up of the sector, its once predominant



MARC OWENS
Regency Freight Services

just-in-time way of doing logistics somewhat falling by the wayside. Or, potentially evolving.

"We are seeing a gradual shift away from the pure just-in-time models, particularly in sectors such as automotive and manufacturing," Regency Freight Services' managing director Marc Owens tells Voice of the Independent (VOTI). "These industries have been heavily impacted by component shortages and border disruptions, prompting a move towards buffer stock strategies and nearshoring."

Shift though there may have been, Owens says it is not one that has reduced the need for time-critical logistics services. Instead, he says, it has changed the nature of the beast, with urgent movements "more often required" to rebalance stock, support production recovery, or respond to

unexpected gaps in supply. Together with this, he says, as a time-critical specialist, Regency has experienced increased demand from those sectors where the cost of any downtime in output is "extremely high". Among the sectors he refers to is AOG, otherwise known as 'aircraft on ground', and aerospace; energy and renewables – "particularly wind and offshore projects" – as well as pharmaceuticals and healthcare, "where speed and compliance are critical". Nor is this unique to Regency's customer base, with Airfreight Express Global's founder and chief executive seeing a similar pattern play out.

"When it comes to which

sectors are performing well for us in the time-critical sphere, pharmaceuticals and healthcare, including temperature-controlled transport, have been a star performer," Marcus Zehentbauer tells VOTI.

"They offer high margins for logistics providers because of the regulatory requirements, validation and 24/7 need. When transporting critical shipments, including medicines and samples, the premium pricing is justified. Similarly, AOG and spare parts logistics have been good for us, these are extremely time-critical shipments that are less sensitive about pricing. Customers are paying for guaranteed transit times and direct delivery – we are talking 'next flight out', travelling with an on-board courier."

That last segment of customers is one that has also proved incredibly profitable for FEI Cargo. Chief executive of the Mumbai-based forwarder Abhijeet Pratap Nair tells VOTI that the last 12 months have seen the on-board courier (OBC) and next flight out (NFO) solutions offered by the company become one of its most significant growth areas.

"While OBC has traditionally been seen as a premium service, we have actively worked on developing more economical NFO alternatives that still meet tight deadlines," says Nair. "This has been a win-win, we help customers save costs while maintaining delivery commitments. In many cases, these solutions have outperformed expectations and are now becoming more regular workflows. What stands out is that profitability has not come from opportunistic pricing, but smarter solutions and stronger relationships."

Having specialised in the emergency logistics scene

for the better part of three decades now, Hanseatic Air Cargo & Logistik (HAC) is one of the major beneficiaries of increased demand for time-critical, emergency services. Managing partner of the company Felix Bleyer tells VOTI that despite the company's longevity, the past 12 months have been really different, with incredible growth in its highly specialised time-critical offerings prompting further expansion. And, continuing a

theme, AOG has provided a particularly strong customer base for HAC. As too have ship spares and project-driven shipments in fashion logistics. "These segments require speed, flexibility, and strong operational execution," Bleyer notes.

Zehentbauer, Bleyer and AGOL Worldwide chief executive Jorge Medina were not caught off guard by the sudden surge in demand from the likes of AOG, automotive, pharma, and fashion customers. Rather, the trio instead express shock that the demand has a more sustainable feel to it – that is, the time-critical sector is itself being restructured. Bleyer tells VOTI that even in this present volatile market, the "consistency of demand" has been what has really stood out. It appears to be an opinion that has gained consensus within the forwarding community that time-critical logistics is increasingly evolving from a pure emergency solution into an integral part of strategic supply chain planning. For HAC, this has led to actively building on this heightened demand by strengthening long-term partnerships and developing more recurring workflows within these segments.

"At the same time, we are expanding our European



MARCUS ZEHENTBAUER
Airfreight Express Global

network for dedicated road transport as well as our on-board courier (OBC) network," Bleyer continues. "Looking to 2026, we expect continued strong demand. Reliable airline capacity, fast response times, and transparent communication will remain essential to ensure stable operations in a dynamic market."

Zehentbauer concurs, noting that where many of these segments used to be more "peak-driven", they had now grown into something more structural in make-up.

"Time-critical logistics has gone from being an exception to becoming an integral part of the business," he continues. "As such, we're building on this specifically to create more predictable and stable workflows to cater to the clear shift in our customer base from cost-driven to resilience-driven customers. Industrial customers, notably automotive and mechanical engineering are increasingly prioritising risk mitigation over mere efficiency, with technology and electronics companies growing as a customer group, particularly due to semiconductor shortages and hi-tech supply chains."

Perhaps as interesting as the structural changes that SME time-critical specialists have experienced in recent years is the change in customer profile. Instability brought about by the geopolitical moment, has prompted a dramatic shift in customer requirements, according to the forwarders VOTI spoke with, who note that ever increasing numbers of larger shippers and clients are seeking out help from specialised logistics

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providers. “Traditional general cargo forwarders are increasingly reaching their limits, particularly in the spare parts segment, where the required speed, flexibility, and operational depth are critical,” says Bleyer. “At the same time, certain industries are adjusting their supply chain strategies, moving away from purely just-in-time models towards more resilient structures with additional safeguards. However, the demand for time-critical solutions remains consistently high – especially in situations of unexpected disruption, where immediate and reliable response is essential.”

As mentioned, for AOG, ship spares and fashion have provided strong opportunities. This, Bleyer says, is because they are industries that are heavily reliant on specialised, flexible logistics solutions where standard processes are often not sufficient. Owens points out that a notable trend experienced by Regency has been the increase in project-based time-critical work, especially work linked to Ships Spares and Aircraft maintenance programmes. Like Bleyer and Zehentbauer, Owens says that while this work was not entirely unexpected, volume and consistency of these movements have created opportunities to build more structured, repeatable workflows, which the company is actively developing.

Should there be any concern that if the customer base is becoming more consistent in its needs the muscle memory for



LUIZA CELIK
EAS International

emergency responses could fade? Seemingly, the view is “no”. Reacting to shocks in the wider geopolitical, and macroeconomic environment, is part and parcel for forwarders engaging in time-critical business. As Owens notes, the reality of today’s supply chain environment is that disruption is no longer an exception, “it’s the norm”.

“To mitigate this, we focus on network agility, real-time visibility and proactive planning,” he continues. “We maintain a highly flexible carrier network across air, and multimodal solutions, allowing us to pivot quickly when capacity constraints, border disruptions, or geopolitical events arise. Our time-critical team, continuously monitor shipments and global developments, enabling us to anticipate issues rather than simply react to them. Ultimately, our role is to absorb the issues on behalf of our customers. By staying agile and informed, we provide them with certainty in an uncertain world.”

Business development manager, network, at EAS International, Luiza Celik, says that to successfully specialise in time-critical logistics it is important to recognise that the instability being experienced is not something that can be eliminated. Instead, she tells VOTI, the aim of the game is to “design around it”. This does not simply mean being able to react in the minute but rather to “pre-structure” scenarios and responses.

“We operate with pre-aligned airport handling and security procedures, validated routing options across multiple gateways, and operate in close coordination with carriers and ground partners before disruption occurs,” Celik says. “We also prioritise decision speed over

theoretical planning. In urgent scenarios, delays are rarely caused by transport itself, but by lack of clarity on responsibility and execution. So, to maintain operational flexibility, we work with multiple routing scenarios – be they direct, indirect, or multimodal – and are continuously monitoring capacity constraints and geopolitical developments while also keeping

communication channels short and decision-makers directly involved. Ultimately, shielding from external volatility is not about control – it is about preparedness and execution discipline. When disruption happens, the difference is not who reacts fastest, but who was already positioned to

act.” Bleyer describes global uncertainty as no longer an exception but a constant. At HAC the focus is therefore not on avoiding disruptions, but on staying fully adaptable at all times. He says that the company’s approach is a level of flexibility that is designed in such a manner as to avoid rigid processes – a useful way of working to keep emergency reflexes firing.

“Every shipment is assessed individually based on real-time market conditions, capacity, and urgency,” Bleyer continues. “This allows us to react immediately to changes and develop alternative solutions without delay. In the time-critical sector, our mindset is clear: there is always a solution. This flexibility is supported by our digitally driven operations and a 24/7 control tower, enabling real-time visibility, fast decision-making, and dynamic rerouting when required. We do not rely on predefined workflows but make situational, data-based decisions. Equally important is our global network of carefully selected partners and airline relationships, built on reliability and performance rather than price alone. Especially in times of disruption, these partnerships are essential to maintain operational continuity. By combining

flexibility, technology, and strong partnerships, HAC ensures it can consistently meet time-critical demands – even in a volatile and unpredictable global landscape.”

Nair notes that on top of agility and flexibility, there is a need for resilience. Achieving this, he says, “begins with empathy”. Recognition that every time-critical shipment represents stress for the customer – “no one chooses urgency by preference, they are compelled by circumstances” – shapes how the FEI team responds.

“We stay closely aligned with our airline partners, communicating not just requirements but the urgency and context behind each shipment,” Nair says. “This helps us unlock solutions that balance both cost and timelines – because both matter equally to our customers. Internally, our organisation is tuned to act with speed, ownership, and accountability. The value of our word is paramount. Once we commit, we go the extra mile to deliver, irrespective of external disruptions. We also focus on adaptability, be it shifting routes, leveraging OBC options, or offering more economical NFO solutions. The idea is simple, protect our customer’s business first. Ultimately, we remind ourselves daily that our well-being lies in the well-being of our customers. In uncertain times, that philosophy becomes our strongest shield.”

Further to the potential loss of emergency response skillsets, there are those countering the suggestion of a shift away from just-in-time. Indeed, it is a model that no one seems quite ready to read the last rites to just yet. And some even think that what is happening is slightly more layered than a simple shift away from the model. AGOL Worldwide’s Medina notes while geopolitical instability “has absolutely changed customer behaviour”, he would not say just-in-time is dead.

“It is more like just-in-time grew up a little,” Medina tells VOTI. “Customers still want lean inventories and efficiency, but now they’re pairing that with more



backup planning, more dual sourcing, and more willingness to spend money when the risk becomes real. We still see strong demand from automotive, aerospace, technology, and advanced manufacturing because downtime is expensive and sometimes brutal. A production line does not care about geopolitics. If a critical part is missing, the pressure is immediate. What has changed is that more customers are thinking ahead. They are not only calling when the line is already down. They are asking more questions upfront about contingency plans, escalation procedures, and recovery options.”

Similarly, overseas networking manager at DUX Logistics, Alfredo Roussos, tells VOTI that the company’s longtime customer base in the aerospace industry’s need for just-in-time solutions has shown little indication of a waning appetite.

“We have a longtime customer base, most are in the aerospace industry,” says Roussos. “That’s what DUX has been associated with since day one and their need for just in time solutions has not changed. But nowadays there is an awareness about the instability in the world and how that affects the logistics globally, which is not exclusive to the aviation market. As a result, other sectors such as pharma and automotive has been added to our customers rank, where the expertise of a team used to deal with time critical situations can be applied with similar results.”

If that is the case, are time-critical specialists feeling optimistic about their prospects in 2026? Homing in on airfreight opportunities in industrial and aerospace parts – DUX’s main business – Roussos says that over the past year and for the rest of 2026 he expects the unstable scenario in geopolitical space to keep generating urgent and unplanned shipments.

“This is where our structure and talents thrive

the most,” he says. “From carriers, we need pro-active communication about their actual status and capacity, so that we can work strategically to keep the time critical sector moving their parts and relying on freight forwarders who can answer with custom tailored solutions on the spot.”

While not definitive, one gets the sense that there are opportunities there. Bleyer certainly seems confident that the demand will be there for the remainder of the year but says that to cater to this, forwarders will need support from reliable airline capacity, fast response times, and transparent communication – “these factors will remain essential to ensure stable operations in a dynamic market”. It is a point Medina also makes, noting that he expects time-critical to present strong opportunities but in a demanding way.

“There will continue to be opportunity because the world is not getting simpler,” he adds. “Supply chains are more global, more pressured, and more exposed to shocks. That means time critical providers will remain essential, especially for sectors where downtime is very costly. Carrier partners can help most by being transparent, responsive, and flexible. In times of upheaval, we do not need fairy tales. We need real capacity updates, honest recovery options, fast escalation, and partners who understand that in premium freight, communication is part of the service. If I had to sum it up simply, I would say this: the winners in time critical logistics will be the ones who stay calm, move fast, and keep the customer informed every step of the way. In this sector, that still goes a long way.”



ALFREDO ROUSSOS
DUX Logistics

"When disruption happens, the difference is not who reacts fastest, but who was already positioned to act"

"their need for just in time solutions has not changed"

Time-critical

Ocean spot rates on a more even keel as liners try to drive prices up

SPOT freight rates on the main east-west container trades ended March

flatlining, amid excess capacity and uneven demand that failed to bolster recent efforts by carriers to achieve some semblance of a pricing increase.

Data from Drewry's World Container Index (WCI) indicated that spots on both the Asia-Europe and transpacific trades had stabilised after the shock of the Iran war.

While the WCI's Shanghai-Genoa reading averaged \$3,529 per feu, a gain of two per cent week on week, its Shanghai-Rotterdam route was averaging rates of \$2,543 per feu for the final week of March, unchanged from a

week earlier.

Given that carriers introduced a slew of new freight all kind levels (FAK) on 1 April, the latest WCI pricing indicates that these have yet to take effect. Among the carriers to introduce new FAK rates is CMA CGM, which implemented a fee of \$3,500 per feu on Asia-North Europe shipments, which is still around \$1,000 per box from current market

levels.

Linerlytica said that at least part of the problem was down to carriers on the Asia-Europe trade seemingly having opted to prioritise volumes over pricing. "Asia-Europe rates

continue to fluctuate with carriers announcing rate increases only to undercut them when utilisation fail to provide support. Maersk persistently undercuts with spot discounts after edging rates upwards," it added.

As with Asia-Europe so too with transpacific, where WCI noted a one per cent drop to \$2,663 per feu on Shanghai-LA, with Shanghai-New York up one per cent to \$3,434.

Somewhat interestingly, short-term spot rate data from Xeneta indicated that shippers and forwarders had been forced to cope with an increase of 30 per cent in spots since the end of February.

Xeneta chief analyst Peter Sand said: "Five weeks into the Strait of Hormuz closure and spot rates on every major east-west trade lane have risen sharply.

"This shows this is a conflict with global repercussions for ocean supply chains from Far East to North Europe and

Mediterranean – trades with direct exposure to Middle East disruption – spot rates are up 31 per cent and 30 per cent since the end of February."

Sand added that no shipper was insulated from the risks, pointing out that despite being thousands of miles from Iran, Far East-US West Coast trades were up 29 per cent.

Although forwarders said that, while Xeneta's short-term market average rate on Far East-US west coast was \$2,430 per feu and to the east coast \$3,382 per feu, rates of \$1,650 to the west coast and \$2,450 to the east coast could be found.

Further to which they said rising petrol prices would accentuate the low US demand that had already led carriers adopt an "ultra-short-term approach" to pricing.

Nonetheless, there remains an elephant in the room: carrier fuel costs. With a multitude of emergency fuel surcharges set to take effect across April, that would only increase if and as the conflict continues.

While Sand noted that carriers still had other tools to mitigate escalating costs, few were likely to be attractive to shippers.

"Bunker fuel at Singapore – the world's leading bunkering hub – remains available,

"Five weeks into the Strait of Hormuz closure and spot rates on every major east-west trade lane have risen sharply"

"The coming weeks will show whether slow steaming and alternative routing can hold the line"



PETER SAND
Xeneta

with prices roughly double pre-crisis levels, but trending slowly downward after an initial spike of around 200 per cent," he said.

"Rotterdam prices continue rising, and ship-to-ship fuel transfers in the Far East are adding cost and complexity.

"With no visible end to the crisis, however, carriers are almost certainly drawing up another set of contingencies. The coming weeks will show whether slow steaming and alternative routing can hold the line, or whether blank sailings become the next lever."



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Spotlight ON

John Manners-Bell

Adaptation and partnership the key – and 'SMEs do it better than most'



chief executive
Transport Intelligence

"THE challenges? Yeah, well, they are pretty relentless now," chief executive of Transport Intelligence John Manners-Bell tells Voice of the Independent (VOTI), when asked if the present moment should be keeping forwarders up at night. Despite their unrelenting nature, Manners-Bell says that there is almost a sense that the forwarding community, particularly the SME contingent, must be used to it by now.

"You know, as an industry, I think it is safe to say that we keep on rolling, whatever gets thrown at us," he continues. "And you know what, I think we can safely say that – as far as SMEs are concerned – we are pretty good at it."

Prior to Transport Intelligence's founding, Manners-Bell's background was very much in the small, independent forwarding sector. As such, he has a good understanding on what SMEs are contending with at the moment, and stresses that these are precisely the conditions in which the independent operators have the upper hand over their larger, multinational competitors.

"It is baked into you as a small and medium-sized forwarder that adaptation is key, as it is this adaptation that allows you to compete with the bigger guys,"

Manners-Bell says. "You build relationships with your customers. You have to build relationships with your partners, and you try to build positive relationships with the carriers, because it is these relationships that will help steer you through the conditions that we are now seeing play out across the global supply chain."

Touching on the topic of relationships with carriers, Manners-Bell is speaking to an issue that is very much causing consternation among the SME forwarding

community. Multiple WCA members took time to express their displeasure at the forced imposition of "war-risk surcharges". Rather than providing anything of use in return to the forwarder coughing up these surcharges, the consensus is that carriers are exploiting their position in yet another moment of chaos, "forwarders really have little option but pay". And Manners-Bell is aware of this.

"For SMEs, these surcharges are a very big issue," he says. "Because, obviously, the big forwarders have higher volumes in play and that gives them more clout with the carrier and the ability to push back against any sort of surcharge. For the SMEs, they have to suck it up to a certain degree. But this brings us round to the importance of those other relationships."

Pointing out that when carriers impose these surcharges, the cost inevitably ends up with the forwarders'

"It is baked into you as a small and medium-sized forwarder that adaptation is key"

customer, Manners-Bell says that it is important the forwarder-customer relationship is in a good place.

"If you have built that relationship up with your customers over the years, and part of that will be educating them on this issue of

carrier surcharges – helping them to understand what the surcharges are but also providing them full transparency – it will be a lot easier to pass the cost on without creating any animosity with the customer, or, at least mitigating it," he says. "Providing them all this information allows them to plan and to be ready for what the implications are and for what the impact on their final invoice will be as a result of carrier surcharging practices."

Even so, Manners-Bell

recognises that trust with customers cannot be built over a period of months. Instead, he says, it takes years to get customers to fully trust their logistics providers. But, he adds, the level of extra value that small forwarders can provide by being more personable than the MNCs means that the customer will still want to work with them.

"SMEs provide huge amounts of value that just goes unseen by the bigger forwarders," he adds. "They know the best routes, they know which ports to avoid, which carriers to use, which is the most reliable. All of these benefits mean that for shippers it very much comes down to less an issue of cost and more an issue of reliability. And this is what the SME really wants to show their customer. But also, consequently, when you're providing customers all these additional benefits, they will be more likely to be there for you when you end up in a period like this, rather than pushing back on individual surcharges."

Nonetheless, as noted earlier, this latest geopolitical conflagration has not emerged in a vacuum. The 2020s have been beset by political instability and chaos, from the Covid era to the Russian invasion of Ukraine, the Israeli war on Gaza, and the joint US/Israel flare-up in Iran. Manners-Bell believes all of this has resulted in a dramatic shift in the way goods move around the world, particularly in as far as the directions trade flows.

"You know, I think that the growth of intra-Asian regional trade is going to be driving the market for many years to come," he says. "And that has been the case for a number of years now, and we have already seen the balance of trade and the way that trade has developed over the last few years change dramatically. Where it had been headed from east to west and from south to north, it is now increasingly flowing south to south. And the growth of the BRICS countries has been a part of driving this. The war

in Russia and Ukraine has pivoted Russia, which is now looking to Asia as well and doing more trade with India and China."

With structural changes already under way ahead of Donald Trump's return to the White House last year, the instability his administration has thrown up – from his ill-fated tariff regime to the attack against Iran – is only feeding into the "very big structural changes" that were already underway.

"Iran will just be another dynamic in this," Manners-Bell says. "And you know, at the moment, I think what we at TI are seeing anecdotally is that intra-Asian trade is continuing to show

consistently strong growth, and with it has come high freight rates. Now, while that is not completely good news for freight forwarders, it is a lot better sign than what we are seeing on the main trade lanes."

When VOTI last spoke to Manners-Bell, he said that despite the upheaval of recent years, it was important that forwarders maintained a sense of optimism. Asked if he still stands by this, he says that while it is undeniable that the

international trading environment has become "hugely more complex over the last five years", he still sees reasons for forwarders to remain upbeat. And that

reason, it seems, comes down to being there for their customers. "When you are looking at the issue of trade processes, then you need a valued and trusted partner that is going to understand all these levels of complexity. Forwarders can be that valued and trusted partner. And SMEs do it better than most."

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Angry forwarders call for regulation on surcharges

FORWARDERS speaking with a single voice have been brought to breaking point by carrier – air and ocean – practices that have left them questioning the validity of any contractual agreement following the latest geopolitical upheaval to hit the world this decade.

With a slew of new charges being doled out by air and ocean liners – some considered “fair” by forwarders but most seen as “exploitative” – the many forwarders Voice of the Independent (VOTI) spoke to said the situation was now “precedent-setting”.

Speaking as a collective, the forwarders told VOTI: “The concern is not only the current level of charges, but the precedent it sets. Once normalised, these pricing mechanisms risk becoming embedded beyond the period of actual disruption.”

Much of the disdain has been levelled at ocean carriers, not least with the introduction of so called “war-risk surcharges” they claim offer “zero protection” to those that pay them and are seemingly determined at the whim of the carrier.

“What is being presented as a ‘war-risk surcharge’ is, in practice, an undefined pricing

instrument, with no standardisation, no cost transparency, and no clear articulation of what shippers are actually paying for,” several disgruntled forwarders told VOTI.

“Critically, the surcharge does not entitle the cargo owner to any additional protection, priority, or service level. It’s a price increase – but a price increase that comes without a corresponding service enhancement.”

Within days of each other at the start of March, CMA CGM, Hapag-Lloyd, Maersk, MSC, and ONE all implemented war-risk surcharges (WRSs) for Gulf- and Middle East-destined shipments.

Depending on size and box type, charges range from \$1,200 (ONE) to \$2,000 (CMA CGM) per teu to beyond \$3,000 per teu, while CMA CGM announced reefers would face a \$4,000 WRS.

The forwarders added: “When surcharges exceed base freight rates, the question is no longer about cost recovery. It becomes a question of proportionality and whether pricing is reflective of risk or of market leverage.

“In disrupted markets with constrained capacity, pricing behaviour tends to reflect market power rather than underlying cost movements. The current surcharge

environment is consistent with that pattern.”

But airlines have also faced increased scrutiny for their own fuel surcharging behaviour, leaving forwarders to consider the validity of any contractual commitments made to them by carrier be they air, land, or ocean going.

The forwarders noted that, contractually, there remained a “stark” imbalance between carriers and their customers, with the former retaining “broad exemptions”, especially in the case of force majeure events.

“Simultaneously, they have the ability to impose surcharges linked to those same risks,” the forwarders pointed out, but while surcharging is not new, it seems forwarders have been spooked by the “disconnect” between their cost to carriers and the surcharges.

Noting that fuel surcharges “usually” have a reference mark, they said that the war-risk surcharges were “without rhyme or reason”, expressing further concern that carriers were taking advantage of the present moment to see what they can get away with.

Left unchecked, forwarders who spoke to VOTI expressed concern that any future claim of market instability would mark an instance in which carriers hit customers with some form of indiscriminate and extortionate pricing behaviour.

They added: “In disrupted markets with constrained capacity, pricing behaviour tends

“The concern is not only the current level of charges, but the precedent it sets”

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to reflect market power rather than underlying cost movements. The current surcharge environment is consistent with that pattern.

“The recurrence of such surcharges across successive disruptions suggests a structurally fragile system – one where shocks are rapidly monetised rather than collectively managed.”

Noting that it had once been possible to resolve this without regulatory intervention, it was now the case that, after successive supply chain upsets and a perception of carrier malpractice, forwarder trust of carriers had eroded almost completely.

As such, the forwarders VOTI spoke to said that they wanted to see carriers face an international regulatory framework to hobble their capacity to “indiscriminately and unilaterally” slap surcharges on cargo.

“We are observing layering effects – fuel surcharges, congestion surcharges, and now war-risk surcharges – without clarity on whether the same underlying disruption is being priced multiple times,” the forwarders said.

“And, unlike the fuel adjustments – which at least have a reference framework – war-risk surcharges are opaque. There is no benchmark, no formula, and no audit trail linking the charge to actual cost drivers.”

US truckers face stiff competition as railroads loom

TRUCKERS contending with fuel price spikes have only further pried open the door for North American rail carriers to steal market share from them.

As of mid-March, haulage rates had jumped 20 per cent year on year, while on the tracks rail freight rates had remained stable, leaving shippers to question whether they stick or twist with trucking.

A key problem for hauliers is the Trump administration’s aggressive effort to remove non-domiciled drivers and those with poor English, making it hard to source capacity.

Twinned with surging fuel costs, experts are warning that SME trucking outfits are likely to go to the wall, which will only worsen the decline in capacity and heap upward pricing pressures on trucking as an industry.

Norfolk Southern (NS) chief executive Mark George expressed excitement that this may prove to be the case, noting “we’d love to see some evacuation of capacity in trucking”.

“Maybe this helps accelerate the evacuation of some of the smaller players who can’t sustain the fuel spikes,” George added, with reports

noting that railroads were paying careful attention to the situation and enhancing service offerings to take advantage of it.

February saw NS team up with CMA CGM on a new intermodal product, marketed as resembling trucking products, using 40ft high-cubes and operating door-to-door.

Further to which, NS has been touting the prospects of intermodal growth in the merger plans it has put together with Union Pacific (UP), whose chief executive, Jim Vena, said the deal would take two million truckloads off the roads and onto the tracks.

Although, with NS and UP pushing the precision scheduled railroading model (PSR) that was popularised by CSX, it may struggle to attract shippers.

Rather than expanding capacity, PSR boosts train length but reduces service numbers so as to improve operating ratio; while investors respond enthusiastically, shippers are more sceptical, pointing to PSR’s tendency to reduce service level and quality.

And since the NS-UP deal was announced, cargo owners and other vested interests have been more than happy to point to this having been the case with previous mergers.

Voice of the Independent

Contacts

Production & Design: Mandy Warren
mwarren@worldlogisticsmedia.com

Editorial Team: Editor
editorial@worldlogisticsmedia.com

UK Office
Talon House, 6 Blackthorne Road,
Colnbrook, Berks, SL3 0AL, UK
Phone: +44 7736 034153

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