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A black and white photograph of Michael Jordan in a basketball jersey, leaning forward with a focused expression. The background is dark and out of focus.

**THERE WAS BASKETBALL.  
UNTIL THE DAY THERE WAS MICHAEL JORDAN.**

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**THERE WAS GSSA.  
UNTIL THE DAY  
THERE WAS ECS GROUP.**

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# NAVIGATING GEOPOLITICAL STORMS

**T**he airfreight industry has been witnessing some challenging and pronounced consequences in recent months, with two main issues at play: Firstly, the Hamas-Israel conflict has led to inevitable instability within the region, predominantly, but not exclusively, felt by commercial airlines operating to and from the region. Secondly, there is the more recent conflict with the Houthi rebels in Yemen which is impacting commercial shipping going through the Suez Canal, could lead to an uptick in demand for airfreight.

As with any conflict, airlines need to adapt to the geopolitical circumstances, especially when there are concerns about the safety of their passengers, crew and aircraft.

"The current Red Sea crisis emphasises more the impact that disruption to commercial shipping can have on the need to find alternative routes and means, including by way of airfreight," Andrew Harper, transportation lawyer at global law firm Reed Smith, stated.

"Inevitably, however, there will always be goods that could only ever be transported by sea in the necessary volume and so any reduction in

passage through the Suez Canal will not result in a commensurate increase in airfreight activity.

"This is why in our report "Global airfreight's future", first launched by the Reed Smith aviation team two years ago, we looked at airfreight holistically and as part of the wider logistics, supply chain and freight sector more broadly – cargo and freight needs to be considered in this context and the sensitivity of airfreight is therefore just one part of the equation."

### Solution to shipping?

The experience of the Covid pandemic meant that airfreight established itself as an option in times of crisis. It will never be a panacea and replace the bulk volume that commercial shipping can offer, but it does increasingly offer a viable alternative mode of transport.

However, the ongoing situation underscores the industry's sensitivity to geopolitical events, and the extent of its impact hinges on the escalation of hostilities in the region.

"Should conflicts intensify and potentially spread to other parts of the Middle East, there will be repercussions for aviation, but a lot of our work to manage highly fluid situations for industry

participants – many of whom already have robust contingency plans where practical," Harper explained.

### Supply and demand

The pandemic drove a heightened demand for freighter aircraft as otherwise grounded passenger aircraft were converted to handle cargo, as they couldn't be used for traditional travel.

As the world has returned to normal after the pandemic, and passenger demand has increased dramatically, there has been talk of over supply of freighter aircraft with rumours of orders with conversion facilities being cancelled as a result.

"It's clear that – as a starting point – there is evidently more supply in the industry at present which can meet an uptick in demand for airfreight if needed," Harper highlighted.

"Looking ahead, there is a concern about potential lease defaults from airlines based in the Middle East and areas affected by the Red Sea if the conflict persists over the long term.

"This economic strain on regional carriers would be felt but would not be so pronounced as to be as destructive as other recent events, which the industry has managed to address head on."

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# E-COMMERCE GOES INTO OVERDRIVE



CHINA and its internet retailers are leading the way in an e-commerce boom, which is not only supporting the air cargo sector but likely bringing in a range of changes across the sector.

"The industry has been exploding in terms of cross-border

e-commerce," said Steve Saxon, Partner, McKinsey & Co, who added it is "seriously underestimated...in particular China outbound."

One of the big reasons for this is customs data does not capture the full picture because it tends to travel as parcels, which Jaisey Yip, VP Cargo Business Division at Changi Airport Group, labelled "parcelisation". The other issue is these values are low-yielding products, meaning that, while it counts for significant amount of volume, it doesn't show much value.

There are eight billion e-commerce orders a year, according to Saxon, of which roughly one in six (around 16%) are cross-border. This has led to the situation where "there is the equivalent of seventy freighters a day e-commerce demand in China."

Support for this comes from well-placed but different industry sources. Wilson Kwong, Chief Executive of Hong Kong Air Cargo Terminals Limited (Hactl) said cargo growth at Hong Kong airport for last year was 3.2% to 4.3 million tonnes with "a lot of growth in the fourth quarter." The boom was bigger in Europe, with Liege Airport recording 15% to 20% import growth, according to Torsten Wefers, Liege Airport's VP Sales & Marketing.

Both Kwong and Wefers are candid about what the cause is – China.

"What is really driving that is e-commerce" Kwong said. "Longer term the prospect of growth is definitely positive." Tefers was a bit more striking: "We anticipate 11% growth again, mainly coming from the booming Chinese market."

The key drivers in all this is the rise, although virtual vertical ascent is probably a better way of putting it, of four

Chinese companies: Shein, Temu, TikTok Shop and Alibaba – labelled 'the Fantastic Four' by Thomas Yu, Director Global Hub Operations & Product Development, Cainiao Network/Alibaba Group.

Alibaba is the veteran of the group at ten years old but two others Temu and Shein, who work on a fast fashion almost direct from the factory model in China, are credited with so much of the growth.

"Whoever heard of Temu eighteen months ago?" Martin Drew, Chief Strategy & Transformation Officer for Atlas Air Worldwide said. Currently Temu is shifting between 1,500 and 2,000 tonnes daily and the expectation is it will be moving 5,000 tonnes daily by the year end.

"That's the equivalent of fifty 747s a day," Drew added, assuming they can secure the planes, ground handlers and the staff to do their bit in processing it all.

One of Temu's strengths is its reputation as a consolidator which gives them a high density. "They are maxed out in terms of payload because of the density they are achieving" Drew said before suggesting they might not need additional volume. This would be good as a concern flagged by Drew for the future was the sheer lack of capacity, not just in terms of planes, but also in terms of services available.

It also throws the emphasis back onto an industry-wide problem: the lack of digitalisation, which would help goods move faster and more reliably. Whilst Kwong urged the industry to tackle this, in part because of how automation can address ongoing labour challenges, he also pointed out one way forward is another industry buzzword – collaboration. "Build a relationship with the ground handlers early and give them as much information as early as possible," he said.

AZura International, Robert Denholm House, Bletchingley Road, Nutfield, Surrey RH1 4HW, United Kingdom

Tel: +44 (0)1737 906107

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# Collaboration to boost coverage

GENERAL Sales and Service Agents (GSSAs) are critical in helping airlines achieve and maintain a global position. Through their strong, pre-existing relationships and networks, these companies help reach and penetrate markets quickly through their understanding of local market dynamics and trends.

This connection to the target region provides information and insight, allowing the airline to focus on providing services and building a brand that local customers can trust. GSSAs also support interline partnerships, working to further sales strategies globally by serving as an extension of the airline's operations.

"Leveraging the expertise and local knowledge of GSSAs enhances our sales approach and market position in different regions around the globe," Matthieu Casey, Managing Director – Commercial at Air Canada Cargo, stated.

"GSSAs help us quickly establish a foundation for our business in five key ways: Providing local expertise, bringing established networks and relationships, offering a deep knowledge of the local market, being our ears on the ground for customer feedback, and helping us to navigate and be proactive about any local complexities in different international markets."

## Hand in hand

The key to having a strong relationship between an airline and GSSAs is collaboration, trust, and transparency, working together as if they are the same entity, sharing tools and aligning on objectives and targets.

The tight collaboration between Air Canada Cargo and its GSSAs can be seen in the approach to both customer relationships and industry leadership initiatives.

Both work closely together on request for proposals and business reviews, continuing this collaborative approach when it comes to regular customer visits and participating in key industry events.

"To foster a cohesive working environment, we ensure that we share data and certain systems with our GSSAs so that they are working within the same environment as our sales teams," Casey explained.

"It's critical to have that seamless integration for them and wherever possible we implement APIs to create better process efficiencies between us.

"In addition, our GSSAs are included in our annual global

management meetings and we communicate with them regularly to keep them, and the rest of the commercial teams, updated on business priorities and objectives," Casey added.

## Tailored strategy

A commercial sales strategy is not a one-size-fits all approach that can apply to all global markets. GSSAs help airlines to better understand how to adapt best practice approaches for different markets. Often, GSSAs also provide local knowledge on how to better navigate the cultural, regulatory and operational nuances, and specifics of each region, securing a presence and delivering within the market.

internal sales teams use and by maintaining open lines of regular communication, we're able to be agile in order to quickly capitalise on opportunities or mitigate any potential risks.

"This means that we're able to respond to market conditions in a timely fashion."

## Reshaped role

One of the trends that is foreseen in the future is that GSSAs will offer more of a one-stop shop model, where they provide sales, customer service, billing and operation/handling services all in one.



"Close collaboration with our GSSAs allows us to quickly adapt to changing market conditions and fluctuations, especially in an industry that is as dynamic and competitive as ours," Casey stated.

"They provide us with key insights on regional supply and demand, common practices, and cultural differences.

"As they have access to many of the same tools that our

Some GSSAs are already offering their services this way, and airlines see this as a trend that will increase.

"As we continue to deepen our relationships with our GSSAs worldwide, we will continue to find ways to strengthen our collaboration, better integrate our tools, and offer an even more holistic approach to deepening our customer relationships," Casey concluded.



# Forwarders adapt operations



THE Red Sea crisis and other geopolitical challenges have had a significant impact on forwarders and the distribution of cargo movement. Heightened geopolitical tensions have led to disruptions in traditional trade routes, forcing forwarders to adapt their strategies and seek alternative transportation modes.

In some cases, forwarders may opt to shift cargo from sea to air routes to bypass volatile regions or expedite delivery times. Conversely, increased maritime security concerns may prompt a shift towards air transportation for high-value or time-sensitive cargo.

Ultimately, forwarders must remain agile and responsive to geopolitical developments to ensure the uninterrupted flow of goods and mitigate supply chain risks.

"The current geopolitical landscape underscores the vulnerability of supply chains to external disruptions. Geopolitical events such as conflicts, trade disputes, and sanctions can have far-reaching implications for cargo operations, disrupting transportation routes, causing delays, and increasing costs," Brandon Fried, Executive Director of the Airforwarders Association (AfA), stated.

"To protect cargo operations, forwarders can adopt a proactive approach, diversifying transportation modes and routes, enhancing supply chain visibility and resilience, and leveraging technology to mitigate risks.

"Additionally, collaboration with industry stakeholders, government agencies, and risk management experts can help identify and address potential vulnerabilities in the supply chain."

## Small forwarders surge

In recent months, a shift has emerged in the airfreight industry, with large forwarders losing market share to their smaller counterparts. Fried put this down to a number of factors: Firstly, smaller forwarders often offer more personalised services and tailored solutions, which can be appealing to shippers seeking flexibility and agility in their logistics partners.

Additionally, advancements in technology have empowered smaller forwarders to compete on a more level playing field, enabling them to streamline operations and enhance efficiency. Furthermore, the increasingly complex and fragmented nature of global supply chains has created niche opportunities for smaller forwarders to specialise in niche markets or regions, allowing them to carve out a competitive advantage.

While there has been some shift towards shippers working directly with airlines, forwarders still manage about 80% of shipments flown on passenger and freighter flights. However, the trend seen in the market is shippers seeking greater control over their supply chains, as well as the desire to reduce costs and improve efficiency.

"While direct relationships with airlines offer certain advantages, such as increased transparency and potential cost savings, they also require shippers to assume greater responsibility for managing their logistics operations," Fried continued.

"Forwarders bring specific skill and trade knowledge to the table, allowing shippers to avoid operational pitfalls while allowing shippers the opportunity to focus on their core business."

## Artificial intelligence's offering

The rise of artificial intelligence (AI) offers immense potential for revolutionising forwarding operations by enabling forwarders to leverage data-driven insights, automate repetitive tasks, and optimise decision-making processes.

AI-powered predictive analytics can forecast demand patterns, identify potential risks, and optimise routing and scheduling to enhance operational efficiency and reduce costs. Additionally, AI-driven algorithms can improve inventory management, route optimisation, and supply chain visibility, enabling forwarders to deliver faster, more reliable services to their customers.

With this in mind, the AfA are in the

early stages of AI development, with Fried acknowledging the promising future the rise

in providers focused on deriving efficiencies using this technology within the forwarding industry offers.

"Digitalisation is progressing rapidly in the logistics industry, but barriers to innovation persist," Fried highlighted.

"Legacy systems, data integration challenges, cybersecurity concerns, regulatory compliance, skill shortages, interoperability issues, and costs hinder the pace of digital transformation.

"Despite these challenges, the industry is moving forward, driven by the recognition of the benefits digital technologies bring to efficiency, transparency, and agility in supply chain operations.

"Collaboration, investment in talent, and strategic approaches to regulatory compliance are key to overcoming these barriers and unlocking the full potential of digitalisation."

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# Navigating challenges in the charter market



WITH any charter business, whether it's passenger or cargo focused, companies want to have as much variation as possible to open themselves up to as many markets as possible, so it's critical to offer a wide range of capabilities.

The nature of the charter world dictates that companies never know what little niche is going to develop, and it's usually unforeseen or with limited visibility, due to force majeure, industrial action, or any number of other reasons. As such,

an agile operation which can react quickly is vitally important.

"There will always be a demand to move stuff. Where A and B starts and ends will be different but there will always be a requirement to move cargo by air for a variety of reasons, and there will always be a pressure to do it as cost effectively as possible," Alex Harrington, Commercial Director at Titan Airways, stated.

"At the moment, we don't have as much variety in terms of aircraft that we've had historically, within our charter fleet dominated by A321 freighters, whereas in the past, we've had different size freighters that could do different types of jobs.

"We've just placed an order for two Cessna Sky Couriers, an aircraft offering different capabilities depending on what your load is and routing, and we're excited by the markets it will open up to us. We're really committed to the charter market and so increasing our variety of aircraft is very important for us," he added.

happens because recoveries can always be a bit shaky but I'm hoping that if you come and speak to me at the end of 2024, I'll be smiling!"

## Regional reactivity

China has seen the biggest downward trend, an area which Titan Airways is seeing the effect of with its A330 freighter that they operate on behalf of Geodis. Harrington argues that's because the world has opened back up again, and a lot of people are using passenger belly capacity or sea.

"That cargo, coming from Asia into Europe is the market which, from our point of view, has taken the biggest dip in terms of the rate you can get per kilo," he outlined.

The instability in the Middle East has also had a big impact on operations to Tel Aviv. A lot of companies wanted to continue to operate to Tel Aviv, while some carriers thought it was too high-risk. This has had a knock-on effect on costs in terms of insurance.

"The evolving situation in the Gulf of Aden will be interesting because obviously a lot of ships pass through the Suez Canal and have to go through the Gulf of Aden to get to Europe," Harrington continued.

"Certainly, from a charter point of view, I'd expect an increase in demand because of that. That sudden market change is often when a charter broker can make a difference bringing new ideas and capacity in to fill the void. What a charter broker needs to add value is agile and flexible supply which is where I like to think Titan can assist."

## Charters vs traditional airlines

Traditional airlines have been increasingly building freighter operations but Titan Airways isn't concerned about the impact this will have on the overall charter market.

"I always think it depends on the appetite of the specific schedule service airline. If they start to have over capacity, and they haven't got much work for their freighters, then it's a natural step to look at charter work," he noted.

"For the bigger schedule service carriers, I'm not sure freighter operations quite fit into their models, as it would mean often competing against their own passenger belly capacity."

However, Harrington believes charter work is more niche, requiring agility and flexibility, which isn't the usual strength of scheduled service carriers.

"I would be surprised if they attack that space with any real aggression because I don't think they will see it being a worthwhile investment of their time and resource, in terms of crewing levels, so they will look first to protect their regular operations both passenger and cargo," he asserted.

"That may change but I think, currently, if they have got too many freighters, they can easily redeploy their crew resource to their passenger operations which are performing very well at the moment, and that makes more commercial sense for those carriers," Harrington claimed.

## Overcapacity impacts operations

At the moment, there's too much capacity in the market. While it's hard to state what "normal" looks like in the airfreight industry anymore, it seems the industry is back to a pre-pandemic position in terms of volume.

During Covid, there was additional cargo volume in the charter sector due to the decline in frequency and reliability of passenger services. Demand was also boosted by people spending more money on items around the home, since they weren't travelling. This situation saw companies make big orders for cargo aircraft to meet the opportunity in the market, creating overcapacity and putting pressure on rates.

The resumption of passenger schedule services over the past couple of years also meant there's probably less requirement for charter capacity than during the pandemic.

"When it comes to charter there will always be opportunities, but certainly the overcapacity means that currently there is real downward pressure on prices," Harrington said.

"The overcapacity in the market is good for the customers but not so good for the operators.

"Will the market change? I don't know which way it will change but you can guarantee it will change at some point and that's why you need to remain agile and opportunistic," Harrington explained.

"We're laser focused on making sure the contracts and the clients that we do operate for are executed really, really well because that's what's going to be the thing which continues to set Titan apart from our competitors over the long term.

"We've been pleasantly surprised by what we've picked up so far this year. Hopefully that continues into Q2. There's some promising signs that it will.

"We've got an ACMI contract that we're looking forward to starting out in the US in March, so there's definitely a bit more movement compared to last year, which is great to see. So, "cautiously optimistic" is my outlook for 2024! We'll see what

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# GSSAS – ESSENTIAL SUPPORT FOR THE AIRFREIGHT INDUSTRY

Hubert Van De Laaken, CEO of Euro Cargo Aviation and Changi Airport Cargo team – ACW World Air Cargo Awards 2023



Stuart Holland  
Vice President Euro Cargo Aviation

Established in 1997, Euro Cargo Aviation has built a strong reputation in the cargo aviation business as an independent GSSA.

Offering pro-active communication with airlines and forwarders with local expertise with global market knowledge, the company recognizes that its role is much more than sales and marketing.

It's important that the airline's product is supported, and the cargo is managed throughout its journey from arrival in our care until delivery to the client.

Euro Cargo Aviation has created "service hubs" across its network that manage the flow of shipments for airlines and communicate to the customer along the route.

"These service centres are key to ensuring the agent is getting clear updates about their shipments and can be confident that we are managing the end-to-end process on behalf of the airline," Hubert van der Laaken, CEO of Euro Cargo Aviation, said.

## Importance of Personal Customer relations

This industry changes often and supply chain demands, and process will always adapt.

As a GSSA, Euro Cargo Aviation is focused on the basics, which are – good customer, supplier, and staff relationships, clear information, and process management of the customers cargo from origin to destination.

"We adapted well during the disruptions – moving from e meetings, back to face to face and anything in between.

It was important in these periods to have a clear understanding of changes in different regions and to adapt when needed," van der Laaken stated.

Euro Cargo Aviation considers itself lucky that its team of professionals understand the industry and are career professionals.

"For sure inflation plays its part and we support our staff with different wage-based initiatives – however the key is to remain lean and manage the costs for our client airlines – in each of our service hubs there is a responsibility to manage the cost structures of our client airlines so they can remain competitive," he explained.

## Controlling costs

The GSSA sector, like many others, face challenges on a regular basis, requiring them to manage their layers carefully to control costs.

Euro Cargo Aviation's management team all have roles and responsibilities in the day-to-day business and its country level Managing Directors are real entrepreneurs who know how to manage their daily business.

"Managing costs is important to maintain competitive pricing, but we also believe in training our younger staff to be the stars of the future and this type of investing will create the best people for the future," van der Laaken continued.

Most crucially, Euro Cargo Aviation has a responsibility to deliver full flights and the best possible yield, at a competitive price whilst managing its clients' costs.

"However you model this, it's crucial you have a solid, professional workforce who are motivated – followed by investment in best people to manage the flow of cargo.

Technology will play a major part in the coming 5 years – but the industry also needs to be ready to accept it in a greater way," van der Laaken said.

## Global coverage

With offices in The Netherlands, Belgium, France, Sweden, Norway, Denmark, Finland, Lithuania (Baltics), Germany, Austria, Switzerland, Poland, The United Kingdom, Ireland, China, Hong Kong, The United States, United Arab Emirates, South Africa, Mauritius, Zambia & Uganda, Euro Cargo Aviation has a global footprint.

"We are strong players in Europe, Africa, USA and Asia – we want to keep evolving in these areas and growing our strong alliances and partnerships – We have more recently started our journey in the Middle East with the start-up of a Dubai office – from here we will plan to expand in this very important region," van der Laaken highlighted.

"Asia plays an important role in our growth strategy, and we can see some positive growth that we will support and invest in for the future," van der Laaken added.

"Alliances are important and strong partnerships with suppliers – some may prefer the one stop shop environment – but our customers are evolving, and they are flying to new places that are not always on the map of every GSSA – we believe it's important to have key regions that you have a solid footprint – then work with good partners when needed," he continued.



The Euro cargo Aviation Team at ACW World Air Cargo Awards 2023

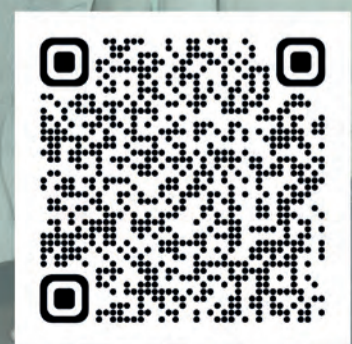




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# India embraces state-of-the-art solutions



THE Indian aviation sector is raising the bar for global standards, with airports and airlines alike achieving remarkable milestones. India leads the world in cargo volume growth, with plans underway to increase the number airports, waterdromes and heliports in India from 149 to 220 by 2030, reflecting the ambitious growth trajectory of Indian airlines.

In terms of digital advancements, Indian airports are at the forefront, leveraging cargo community systems to streamline operations—an achievement unmatched by counterparts elsewhere. Having earned a reputation as a home for technological developments, India stands as a dynamic hub of innovation and abundant talent.

“We take pride in India’s global standing, ranking fourth out of six in e-AWB adoption, showcasing our nation’s commitment to digital transformation and innovation,” Amar More, Chief Executive Officer of Kale Logistics, said.

“With robust digital infrastructure, government support, and

global collaboration opportunities, we have chosen to base our operations here. As a homegrown company, we are keenly focused on tapping into the rapidly expanding domestic air cargo market, projected to grow at an impressive rate.”

### Transforming Goa

Kale’s tech solutions, including Cargo Community Systems (CCS) and Enterprise Business Automation, have sought to transform cargo handling and information exchange across the air cargo value chain.

These software as a service (SaaS) platforms democratise technology, offering affordability, accessibility, and adaptability to all stakeholders.

“By providing real-time cargo movement data, our solutions have minimised congestion by 80%, slashed documentation by 90%, and enhanced efficiency by 75%, fostering harmonisation, standardisation, and global compliance in cargo operations,”

More explained.

“Our CCS went live in Goa, meaning a total of 85% of India’s cargo now runs on Kale’s systems. Goa was special as our CCS was live from the day the airport opened for operations.

“Since initiating cargo services in January 2023, Miami (MIA) has become a vital hub for economic growth in Goa. Handling diverse cargo, from pharmaceuticals to vegetables, MIA’s temperature-controlled cargo terminal processed around 750 metric tonnes in the first 11 months of operation.

“Soon it will attract cargo from nearby states with its state-of-the-art cargo facilities. It will be integrated with other major airports where cargo is handled by Kale’s CCSs. This will start an era of airport collaboration and faster movement of freight.”

### Growth and competition

India’s growth story is complemented by the manufacturing growth it planned to achieve, although it still lags behind while competing with Asian countries like China and Singapore. The Indian air cargo market generated 2.2 million tonnes of traffic last year, which is 1/5 the size of China’s air cargo market. With five to six Indian conglomerates investing abroad, the India link is always going to be strong. So, India is in a good position as far as trade is concerned. The air cargo industry in India has come a long way with strong consumer demand serving as the primary driver of growth and, with more investments and routes being announced, India is set to up its game even further.

India’s express delivery sector is rapidly expanding, driven significantly by air transport. In 2022 alone, it managed 2.2 million tonnes of air cargo, a figure expected to soar to 10 million tonnes by 2031.

“The nation is poised to construct 14 new airports in the near future, with a strong emphasis on bolstering cargo operations. This strategic development underscores India’s commitment to nurturing and capitalising on the growth potential of its air cargo industry,” More added.

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# Hong Kong's digital revolution



HAVING commenced operations in 1976, Hong Kong Air Cargo Terminals Limited (Hactl) has been working to streamline cargo operations and turn the special administrative region into a world-class cargo hub.

With this mission at its core, the cargo handler has been on a digital journey for decades, starting with the COSAC community system that linked airlines, forwarders and Customs for the first time.

This ethos has continued throughout Hactl's growth in the industry and, although there is still a way to go, the sector is much closer to digital integration today, paving the way for greater automation, robotics and artificial intelligence.

"Hactl demonstrated very early on in its long history, what could be achieved through innovation, investment and determination," Wilson Kwong, Hactl Chief Executive, said. "Our current terminal and systems are probably still the biggest and most sophisticated anywhere, and pay dividends daily in productivity and efficiency.

"We are also using AI in our IT systems to prevent cyber-attacks. As for robotics, we trialled this with our Automated Parts Store, and are now using patrol robots to enhance security, and driverless tractors to help tackle recruitment challenges.

"Some of these developments are not yet commonplace in air cargo, but they soon will be. The industry needs the speed, efficiency and economies they deliver."

### Pandemic push

COVID was a game-changer for innovation, inasmuch as its focused attention even more on digitalisation, as a facilitator to remote working.

Paper processes create information silos. But modern shippers want visibility of stock location, and e-commerce customers want to know instantly where their goods are. Only integrated digital supply chains can deliver these abilities. Digital means remote working capability, no need for physical contact, visibility to all parties 24/7/365, updates from all parties, less work and errors, and reduced costs.

"By driving paper out of all our work processes, and by investing in the creation of a secure wide area network infrastructure, we are now able to operate all admin and back-office processes from any location," Kwong outlined.

"Meanwhile, we brought forward the Integrated Hactl Control Centre (iHCC) project, which – by providing real-time snapshots across all operations - enables us to re-deploy resources and personnel optimally, and to cope with any unforeseen emergency.

"The much greater resilience this achieved was demonstrated by our ability to continue operating effectively with up to 45% of our ramp workforce quarantined during lockdowns."

### Airport alignment

Hactl credits Hong Kong's success as a hub to this innovative attitude, unique blend of unparalleled scheduled air connections, freighter capacity and choice on all major routes, plentiful capacity, strategic location, modern and trade-friendly customs, supportive airport authority, bilingual workforce and strong work ethic.

"Thanks to the airport authority's far-sighted policies and our own constant investment in infrastructure and technology, I believe Hong Kong is totally attuned to what our market needs," Kwong explained. "We have a history of responding effectively to changing circumstances and tightening regulation.

"Hactl has long seen its task as meeting and exceeding the demands of customers. We consider ourselves partners in the success of our airline customers, and it's in our mutual interests that we remain aware of new trends and opportunities, and enable our customers to capitalise on potential new revenue streams.

"This has led us to create a performance enhancement team which proactively seeks out and resolves any inefficiencies through tech-led solutions; it means our operations are generally fully ready for every new industry standard; and it leads us to invest in expanded facilities such as our Hactl e-commerce Fulfilment Centre and its cool zone, and our Aero Engine Handling Centre, among many other examples."



Hactl is pleased and proud to sponsor the **Air Cargo Charter Broker of the Year** category in this year's World Air Cargo Awards.

Hactl has many years' experience in supporting charter movements, giving us first-hand insight to the vital function charter brokers perform in matching outside loads with the most suitable and cost-effective aircraft, reaching challenging offline destinations and meeting tight deadlines.

We wish all entrants the very best of luck in this competition, and look forward to being on hand to present the winner with their award!

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# Packaging petals



HANDLING flowers in the air cargo industry has challenges that require innovative solutions. Maintaining optimal temperature control is key, as flowers are very sensitive to temperature fluctuations. The fragility of flowers requires careful conditioning to avoid physical damage during carriage. Time-sensitive flower transport requires effective logistical coordination to ensure on-time delivery, while compliance with customs and phytosanitary regulations adds a layer of complexity.

"At Avianca Cargo we have been working for and with the flower industry in Colombia and Ecuador for more than 50 years with Asocolflores and Expoflores, the respective associations of these countries. Together with these companies we guarantee to our customers Valentine's day seasons focused on quality, on-time performance and a premium service," Diogo Elias, Senior Vice President at Avianca Cargo, said.

## Seasonal success

With close to 18,000 tonnes transported from Colombia and Ecuador to the United States, Avianca Cargo doubled its regular capacity for this product, operating around 300 flights for Valentine's Day, providing its customers with the highest levels of quality, service and punctuality.

The company prepares months in advance for Valentine's Day, and this year its focus was on implementing logistical solutions to ensure an efficient season. Avianca Cargo invested in infrastructure in Miami, the flower's main destination, expanding and modernising the Jetfloor (the type of floor used), offering a new configuration in the cooler, thus increasing its capacity by 83% to serve up to six flights simultaneously.

Also in Miami, the company set a new record in flower processing and delivery times to its customers, reducing them by 57%, and increased its perishable cargo depalletisation (pallet breakdown) capacity by 40%. In Bogota, Avianca Cargo implemented extended receiving hours for 24/7 service on the receiving lines; increased personnel in the operation by 30%; and implemented a system with virtual scheduling that reduced cargo acceptance times by 56% compared to 2023.

"This Valentine's Day season once again positions us as the leading cargo airline transporting flowers from Colombia to North America, doubling our capacity and strengthening the flower industry in the region. With the immense responsibility of fulfilling the customer's promise, we executed a great season with service levels above 90%. This is an enormous effort by the Avianca Cargo team, inspired by the trust of our customers and with precise coordination with all the actors in the supply chain. Avianca Cargo has been there from the beginning and will continue to take our region's flowers around the world for many years to come," Elias explained.

Among the most exported flowers this season by the airline were roses and carnations from Bogota; pompons, hydrangeas and chrysanthemums from Medellin; and roses, carnations and gypsophila from Quito.

## Packaging petals

The breakdown between air, road, and sea as the main methods of transportation for flowers varies. Air transportation continues to account for over 90%, while sea transportation represents around 10%. In remote regions such as Asia, air transportation reaches 100%.

Selecting and qualifying the right packag-

ing for flowers during its journey is crucial, especially considering the significant number of boxes of flowers being shipped. Given the considerable volumes involved, it is essential to ensure that each box is properly packed and identified, depending on the type of packaging and its characteristics, we assemble the pallets in one way or another. For example, the heavier and larger boxes go on the bottom of the pallet, so that the lighter ones don't get damaged, and the product remains intact.

"We believe that effective packaging not only protects flowers from challenges or variations during air cargo transportation, but also helps Avianca Cargo's service to meet the criteria of the specialised demands and standards of handling this commodity in various logistics scenarios," Elias outlined.

"Meticulously packing each box of flowers from farms to their destination via airfreight

is essential to ensure that the flowers arrive in fresh and prime condition to brighten the homes of consumers around the world.

"Based on the above, the activities carried out by us within the supply chain logistics of flowers include receipt, weighing, measuring, assembly, and transportation aligned with our CEIV FRESH certification, maintaining the required temperature and humidity conditions for this product.

"This is done within the framework of compliance with customs and security requirements required by the authorities at origin and destination. It should be noted that, in some cases, we make use of vacuum cooling, which consists of moving some shipments to another warehouse where the flowers are kept cold, helping their conservation; likewise, during this season, priority is given to the reception shifts for these shipments," he added.

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# AUGMENTED GSSA SOLUTIONS

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**“We’re primed to revolutionise the industry and elevate the outsourcing model to new heights”**

Since the onset of the pandemic three years ago, GSSA operations have been in a constant state of evolution as they navigate towards post-pandemic normalcy. The challenges and disruptions brought about by the pandemic served as a catalyst for change within their organisations.

GSSAs have undergone a process of continuous refinement and adaptation, reevaluating strategies and operational approaches to better serve partners and customers. The lessons learned during this period have been invaluable, highlighting the importance of certain capabilities that have proven essential in optimising performance.

As GSSAs integrate these lessons into operations, they recognise their role in ensuring resilience and agility in the face of evolving market dynamics. This evolutionary journey has positioned GSSAs to thrive in the post-pandemic era, equipped with the necessary tools and insights to meet the challenges and opportunities that lie ahead.

“Empowering our partners with augmented GSSA solutions, we’re primed to revolutionise the industry and elevate the outsourcing model to new heights,” Adrien Thominet, Executive Chairman of ECS Group, stated.

## Tech trends

Examining emerging patterns in the industry, digitisation is fundamentally reshaping the GSSA sector. In the current landscape, technology is poised for significant evolution, with a strong emphasis on pricing and revenue optimisation techniques to help airlines maintain margins and ensure profitability. Additionally, sustainability is becoming a central principle guiding the development of new digital solutions, as the industry responds to growing demands for environmentally-friendly practices.

However, one of the most significant challenges in this digital transformation is change management and adoption. While technology solutions are readily available, organisations often face resistance to change and fear of job loss among employees. To address this challenge, there will be a greater emphasis on explaining, training, and demonstrating the value of digital transformation to employees.

With this in mind, as customer expectations for added value in the air cargo industry have soared, ECS Group has embarked on a transformative journey, forming strategic partnerships with innovative tech leaders like Wiremind, Rotate, and CargoAi through the CargoTech association.

“We are proud to be part of an ecosystem which embodies this ambition for effective change management and adoption of digital solutions,” Thominet explained

“In the GSSA sector, the future of technology will be characterised by a commitment to revenue optimisation, sustainability, and effective change management.

“Digitisation represents a game changer, bringing forth innovative tools and solutions that were previously non-existent. With the integration of AI, even more advancements are expected to shape the GSSA sector, offering enhanced efficiency and capabilities as we continue to adapt to the evolving needs of the industry.”

## Distinct domains

The innovative approach that’s been adopted characterised by the introduction of specialised teams, known as “squads,” within specific fields. These squads are led by dedicated directors and are tailored to address the unique requirements of their airline part-

ners. By moving away from a one-size-fits-all approach, ECS Group works to ensure that its solutions are finely tuned to deliver maximum value.

For instance, Total Cargo Expertise (TCE), led by Sarah Sheibe, offers comprehensive services focused on quality, safety, and efficiency for airlines. TCE has expanded its offerings to include services like on-site freighter turnaround supervision and third-party supplier audits, demonstrating a commitment to ongoing support and high safety standards.

Similarly, Squair, under the leadership of Dimitri Arnaudin, provides operational efficiency through data processing and analytics. By optimising processes, Squair enhances service levels for their partners and contributes to the overall success of their operations.

“This transformative evolution transcends industry norms and redefines the role of GSSAs in the contemporary air cargo landscape,” Thominet explained.

“ECS Group is not merely adapting to change; we are pioneering a new standard of service that is responsive, innovative, and intricately attuned to the diverse requirements of our airline partners. Our commitment to customisation, driven by our squad-based approach, positions us at the forefront of the industry, setting a new benchmark for excellence as we continue to exceed the expectations of our partners.”

## Environmental approach

The heightened focus on green credentials in the airfreight industry underscores the critical role of GSSAs in driving sustainability initiatives. As stakeholders across the supply chain increasingly prioritise sustainability, GSSAs are actively contributing to making airfreight operations more sustainable.

This involves implementing a range of initiatives aimed at reducing carbon emissions, minimising environmental impact, and promoting eco-friendly practices. GSSAs are collaborating with airline partners to optimise flight routes, minimise fuel consumption, and leverage alternative energy sources. Additionally, GSSAs are actively engaging with industry stakeholders to advocate for the adoption of sustainable practices and technologies.

“By spearheading sustainability initiatives and driving positive change throughout the airfreight industry, GSSAs are playing a pivotal role in making airfreight operations more environmentally friendly and sustainable,” Thominet added.





# GSSAS SOAR TO NEW HEIGHTS

The worldwide market share of air cargo General Sales and Service Agents (GSSAs) exceeded 25% and continued to grow in 2023, particularly in certain weight-break categories and in various world markets and regions, detailed analysis by WorldACD Market Data reveals.

The GSSA market continues to evolve, with GSSAs taking on an ever-increasing range of functions for their airline principals, depending on the size, sophistication and priorities of the carrier and the relative importance and complexities of the individual market.

Factors continuing to drive the outsourcing of sales and cargo management functions to GSSAs include carriers expanding into new markets, a need for increased flexibility in a world with more unpredictability, and pressures on personnel resources. GSSAs highlight a general shortage of skilled labour in many markets, noting that airlines are often reluctant to add personnel or may face pressures to downsize their workforces or cut costs. GSSAs argue that they can provide a more entrepreneurial mindset and can more quickly upscale or flex personnel than airlines if the operation and volumes require it.

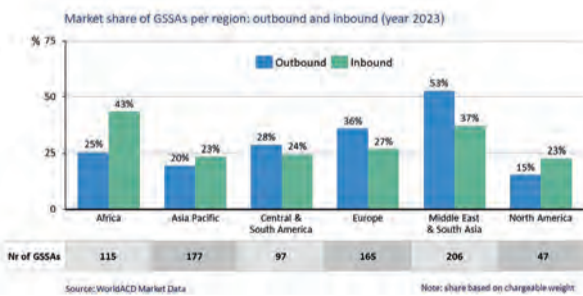
Leading GSSAs also report that carriers in the air cargo sector are increasingly demanding highly professional and dedicated services, particularly in operational efficiency, safety and security, business intelligence, and strategic guidance. These, and the need to invest in increasingly sophisticated technology solutions, are among factors also leading to further consolidation and growth among GSSAs.

According to analysis by WorldACD, using its largest and most-detailed air cargo database in the industry, more than 26% of all air cargo is accounted for by GSSAs. This is a market share that has grown steadily over the years, growing by a further half a percentage point in 2023 (from 26.13% in 2022 to 26.61% in 2023).

## Regional differences

Zooming in on the different regions of the global air cargo market, you find considerable differences. One striking element is the number of different GSSA companies that are involved in air cargo in different parts of the world. Most GSSAs are found in Middle East and South Asia (MESA), where WorldACD's GSSA database shows 206 active players, followed by 177 GSSA companies in Asia Pacific. North America has relatively few GSSAs with just below 50 in total.

Moreover, there is also a big variation in market share held by GSSAs between individual regional markets, with GSSAs controlling just 15% of North America's outbound air cargo market, while GSSAs control around 53% of MESA's outbound air cargo business.

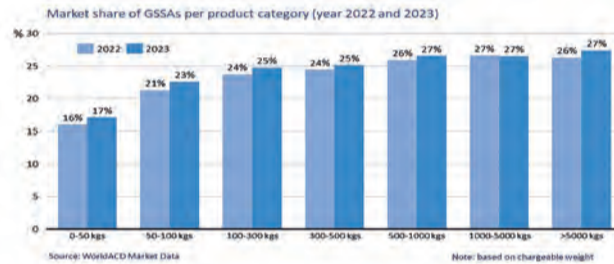


Looking at the year-on-year growth of GSSAs' overall markets in the various main world regions, based on chargeable weight in 2023, versus 2022, WorldACD also separated out the inbound and outbound performance of the market as a whole for those regions – to give an overall general sense of how GSSAs are performing compared with the regional markets overall. The figures indicate that GSSAs performed better than the market as a whole in all of the main regional outbound markets, except Europe, with GSSAs significantly outperforming the overall market in Asia Pacific and in Central & South America.



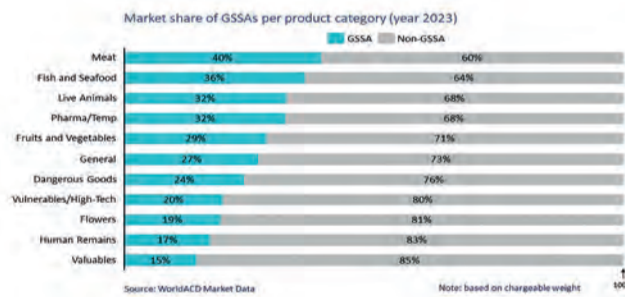
## Shipment size factor

When it comes to the size of air cargo shipments, the market share seems to grow as the size of shipments increases, analysis by WorldACD indicates. For example, for shipments of 0-50kg, only around 17% of global air cargo business was accounted for by GSSAs in 2023, compared to 27% for all shipments of 500kgs and larger. Analysis also shows that in 2023, GSSAs have increased their market share throughout the whole air cargo business by at least one percentage point for five out of six specified weight breaks. But interestingly, GSSAs' biggest market share increase in 2023 was actually in the 50-100kg category.

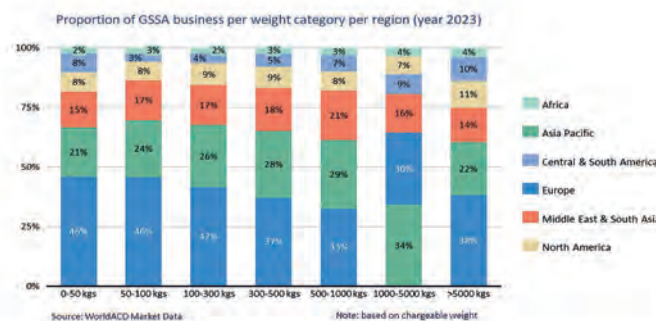


## Special handling

A wide variety of air cargo products require special handling, due to (for example) the characteristics of the goods or conditions at the place of origin or destination, with special cargo representing around 40% of the market, and growing. Analysis by WorldACD indicates the extent to which GSSAs are responsible for the sales of these special products in 2023. Shipments of Valuables by air seem to be outsourced the least to GSSAs, while for meat, fish and seafood, as well as Live Animals and Pharma/Temp shipments, GSSAs are responsible for +30% of the market.



GSSAs' involvement in air cargo business is particularly prominent in Europe and Asia Pacific. The figure below shows the distribution of market share per weight break per region. Europe and Asia Pacific dominate all the specified weight breaks with a combined market share (of the total market accounted for by GSSAs) of around 60-70%, although this also closely relates to the high volumes of air cargo in these regions compared to other regions in the world.



**“Carriers in the air cargo sector are increasingly demanding highly professional and dedicated services”**



# VIEW FROM THE MAINDECK



## AGILITY AMID UNCERTAINTY



WITH constant change in the airfreight industry amid a string of disruptions, from the pandemic to economic shocks to geopolitical challenges, the ability to swiftly and adeptly adjust strategies has never been more crucial.

On one hand, certain global events act as catalysts for supply chain disruptions, creating a silver lining for the air cargo sector as it becomes a pivotal solution amid logistical challenges. On the other, the industry contends with adversities such as inflationary pressures, which escalate operational costs.

"The only certainty is that there will be uncertainty so we have to be agile, in culture, mindset and in our organisation, Sebastiaan Scholte, CEO of Kales Group, stated.

"It is in human nature to extrapolate the current conditions. During, and even at the end of the COVID period, people were expecting the market conditions to last.

"Our industry is and will always be cyclical. Like Darwin said: "It is not the strongest that will survive, but the ones who are most adaptable to change.

### Surges and slumps

In recent months, China has emerged as a focal point of activity, experiencing an upward trajectory that underscores its return in the post-pandemic era. However, this growth is not universal, as other regions grapple with challenges posed by the continuing situation in the Red Sea.

Amid these regional variations, another concern has emerged with a general shortage of labour, both quantitative and qualitative, and many airlines are reluctant to add manpower, still facing pressure to downsize.

"It is easier for a GSSA, like Kales, with an entrepreneurial mindset to quickly upscale manpower if the operation and volumes require. More airlines are looking as well for a one stop shop, so I expect consolidations to increase," Scholte explained.

"Overall the outlook for this year is moderately positive across all markets. Looking at the longer term, trade ex Mexico, India and South East Asia will most likely outgrow other regions, and exports from China to the USA will even decline."

### Expansion and opportunity

A number of cargo segments, such as the e-commerce industry, have been booming recently, seeing those in the airfreight industry diversify their portfolios to meet shifting dynamics. Kales Group has been among those working with companies to capitalise on this demand, becoming the global partner for Cainiao, except for in China.

"e-commerce is mostly one directional, so it is ideal to partner with a global GSSA, like Kales, to commercialise the idle capacity caused by the imbalances," Scholte stated.

To aid Kales growth globally, as the market presents new opportunities, the GSSA has been embracing the advantages offered by technology, introducing automation and digital solutions to unburden themselves and add value to their business.

"The technology is there," Scholte highlighted. "However, the adaption to use it is still relatively slow in the air cargo industry. Partly explained by the many different stakeholders in the supply chain, but also because of bureaucracies with certain countries."

