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The weekly newspaper for air cargo professionals

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The charter sector finds itself navigating a complex landscape marked by a confluence of challenges: global trade dynamics, geopolitical uncertainties, fluctuating fuel costs, and the persistent issue of overcapacity.

With this backdrop, rates within the charter market have experienced fluctuations over the past year, which was expected, although rates climbed higher than expected during the peak season. The surge placed pressure on customers, impacting their budgetary considerations and prompting a reassessment of their logistical strategies, although trade remained strong.

"The solution is to keep mobile as a company and pivot towards areas of the charter market that are doing well," Dan Morgan-Evans, Global Director of Cargo at Air Charter Service (ACS), explained.

Far East impact

Increased volumes from the Asia-Pacific region have been a consistent catalyst for upward movements in rates. This surge is often attributed to various factors, such as increased production, consumer spending, or other regional economic activities. Monitoring these indicators and staying attuned to emerging trends will be paramount in anticipating market dynamics.

"Demand from the Far East during peak season

always causes rates to climb but I think we will have to see how the first few months of 2024 pan out before we get a real idea of which way the market is going," Morgan-Evans added.

Airlines in the freighter market

The trend of traditional airlines venturing into freighter operations marks a notable evolution in the air transportation industry. This strategic shift is driven by a recognition of the growing demand for air cargo services and the potential profitability of expanding into this sector.

"Certainly, there have been past orders for freighters but I think a few of those plans have been put on the back burner or cancelled," Morgan-Evans outlined. "Over capacity only affects part of the charter market negatively – and not significantly. More often it offers choice and value for money for the client."

Filling the void

In the face of global conflicts and the subsequent suspension of operations by traditional carriers, the charter sector has remained resilient.

"Apart from relief missions and operations, it's kind of business as usual," Morgan-Evans stated.

Notably, the charter sector has played a crucial role in relief missions and support operations, particularly in conflict-ridden regions like Ukraine where the need for rapid and flexible

transportation solutions is paramount.

"There was a very marked increase in emergency humanitarian flights in 2023. Firstly, the world has been pretty unstable, whether politically or through climate change," he continued. "But also ACS has looked to improve its aid offering, with Ben Dinsdale heading up this sector now as Director of Government & Humanitarian Services – having a global oversight enables us to better service the clients and in a more coordinated way."

Global outlook

While the broader airfreight industry is facing a potentially shaky future, the charter segment concluded 2023 on an encouraging note. Customers, confronted with the uncertainties of a changing world, increasingly turned to charters as a reliable and flexible transport method, solidifying its status as a go-to option during turmoil.

"I think we have seen customers understand the benefits of charters in an uncertain world. Through the pandemic it became the go-to transport method and with time-critical demands of the modern world it has become a necessity for many," Morgan-Evans explained.

"I'm confident there will be plenty of opportunities in 2024 – our focus I will keep under my hat but my job will be to help grow our newer offices like Mexico and perhaps open elsewhere in the world – watch this space," he continued.

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KEEPING CARGO FLOWING AMID CONFLICT



WHILE the logistics industry has stabilised from the shocks of the Covid era and returned to a more reliable situation, there are still challenges bearing down on the sector. Conflict between Israel and Gaza and the situation in Yemen threatening traditional shipping lanes through the Red Sea has forced logistic companies to take action to prevent supply chains from being disrupted.

With the recent crisis unfolding, Move One has opened its newest stations in Egypt and Gaza. In Cairo, the logistics company now runs a 5,500sqm distribution centre, which is solely focused on the receiving, packing and outward distribution of urgently needed food for the people of Gaza.

Within Gaza, they are the only international logistics company with personnel and facilities in operation, having leased and staffed a series of warehouses in southern Gaza, where under the current conditions of major fuel shortages, they are currently distributing food and aid via any means.

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Move One delivers creative door-to-door international freight solutions; tax-exempt customs clearance management; bespoke field warehousing; and final mile delivery in downrange/security-fluid contexts, utilising our own offices and field teams.

Move One has supported cargo delivery needs of the US Government, humanitarian organisations, non-governmental organisations, and their US/Europe-based freight forwarders in many of the world's most challenging operational environments.

"We have built an unrivalled track record by consistently delivering results for our government, humanitarian and private customers and Ukraine is another shining example of Move One's ability to fill an immediate need for service and delivery under highly unpredictable and unsafe conditions," Greg Forgrave, Product Manager Government Services at Move One, said.

"We maintain our relevance and good standing through quick actions, reliability in delivery and running towards the next big challenge and unknown," he stated. "In that respect, we are the perfect partner for many global logistics players who would like to offer services wherever demanded but may not have the appetite, budget or desire to invest in their own operations. We pride ourselves on being a neutral service partner to all and happily filling the gaps for others.

"We will continue to invest in new locations, new people and new technology. At the moment, we are undergoing a complete rebuild and upgrade to our internal job and communications management tool which will allow us better mobile connectivity, more creative and quick messaging solutions for our clients and colleagues, and easy deployability to remote and underdeveloped areas," Forgrave continued. "Our internal software revolution is being led and managed by our logistics Director, Carl Corriveau, who has been leading the execution and administration of our biggest logistics projects for the past 20 years. Carl's experience and in-depth understanding of our clients' needs and expectations will be pivotal to the new system development and rollout."

Stability in times of uncertainty

Move One's footprint has been growing rapidly in the past five years with special focus on geographic expansions in Africa and the Caucasus. Currently, they have a network of 57 offices in 48 countries - spread across Eastern Europe, the

Balkans, the Middle East, Central Asia and Africa. All offices are fully owned, staffed and operated by Move One and they pride themselves on giving a consistent and mirrored customer experience, service and communications across all locations in their network.

Looking into 2024, Move One expects to continue expansion in a number of potential hotspots, including Libya, Georgia, Uganda, Eritrea and beyond. This will come alongside the major humanitarian work that is set to continue in Ukraine and Gaza, with the possibility of other global disruption requiring immediate action.

"Eastern Europe should continue to be a growth area for



our logistics product as the US Government and partners continue to invest and help solidify the line from continuous Russian aggression," Forgrave said. "Likewise, our stations in Africa are the fastest growing in terms of year-on-year results. We expect this trend to continue, especially with the unknown and uncertain future of the Sahel region and our comprehensive portfolio of solutions in places like Somalia, Ethiopia and Djibouti.

"Move One will continue to invest in new locations, new people and new technology. At the moment, we are undergoing a complete rebuild and upgrade to our internal job and communications management tool which will allow us better mobile connectivity, more creative and quick messaging solutions for our clients and colleagues, and easy deployability to remote and underdeveloped areas," Forgrave added.

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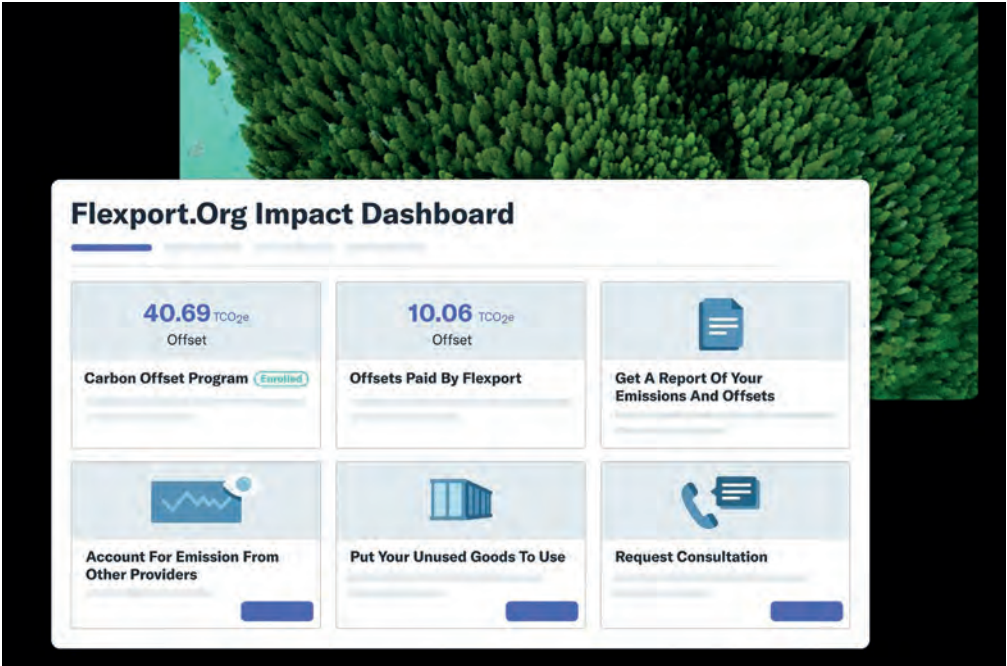
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WITH sustainability in the spotlight within the aviation industry, Flexport is working to empower organisations to navigate towards their green mission. Through a comprehensive suite of climate and technology solutions, companies have the potential for increased efficiency, reduced costs and a more environmentally-friendly future.

In alignment with this, an alliance has been forged with CHOOOSE, a leading Software as a Service (SaaS) platform that aids businesses in seamlessly incorporating climate action into the fabric of their customer experience.

"This collaborative initiative is geared towards accelerating the decarbonisation of airfreight, and at its core lies the provision of sustainable aviation fuel (SAF) certificates to all Flexport customers," David Hume, Head of Climate Programs at Flexport.org, said. "This strategic offering has been seamlessly woven into the Flexport user experience within the Flexport platform, ensuring a smooth integration that enhances overall usability."

"By making SAF certificates readily available, this partnership not only reflects a commitment to sustainable practices but also aims to significantly contribute to the broader environmental goals of the organisations involved," he continued. "Together, Flexport.org and CHOOOSE are pioneering a transformative approach to sustainable logistics, ensuring that the transition towards a greener future is not only feasible but also an integral part of the business landscape."

Changing traditions

SAF offers an alternative to traditional jet fuel, representing the most effective tool currently available for the decarbonisation of air transport. This strategic partnership aims to democratise access to SAF by leveraging the book and claim chain-of-custody model. Through this model, Flexport customers gain the ability to significantly reduce emissions associated with airfreight shipments on any trade lane and with any carrier.

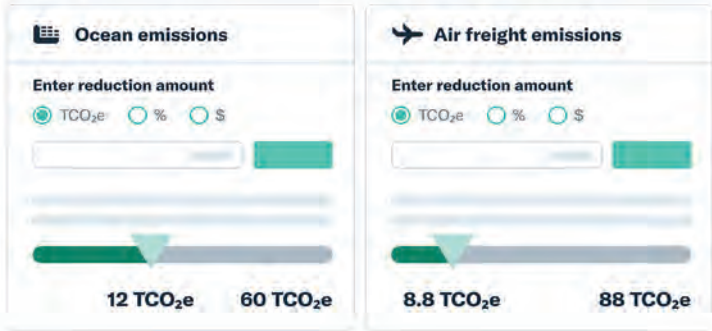
"Recognised as a pivotal avenue for the short-term decarbonisation of aviation, SAF can have lifecycle greenhouse gas emissions that are approximately one-fifth of those emitted by conventional petroleum-based jet fuels," Hume outlined.

"Elevating the adoption of SAF is crucial to advancing decarbonisation initiatives within the airfreight industry. By emphasising SAF utilisation, this collaboration takes a proactive stance in driving sustainable practices, laying a foundation for a greener and more

environmentally responsible future in air transportation," he added.

In the pursuit of decarbonising the aviation industry through SAF investments, companies are adopting diverse strategies to curtail emissions in freight transportation. This includes embracing modality shifts, consolidations, and incorporating emissions considerations on an equal footing with cost and transit time in decision-making processes. Businesses are showcasing creative thinking to achieve their emissions reduction objectives.

"Beyond adhering to regulatory requirements, there is a collective effort within the freight industry to surpass mandated standards for decarbonisation, part and parcel to the concept of additionality," Hume said. "A notable example is the Zero Emission Maritime Buyers Alliance (ZEMBA), a pioneering buyers group in the maritime sector with a mission to expedite the commercial deployment of



zero-emission (ZE) shipping. Flexport stands out as an early adopter and collaborator with ZEMBA, reflecting a proactive commitment to advancing sustainable practices within the industry."

Techs role in the transition

The significance of digital innovation in facilitating the accessibility of sustainable solutions cannot be overstated, and to address this need, Flexport has introduced the Sustainability Dashboard. This tool is designed to enhance access to emissions tools and reports, enabling users to easily monitor their progress towards decarbonisation goals.

"In the context of our latest announcement, a standout feature of Flexport's offering lies in the seamless in-app experience provided to customers for the acquisition of low-carbon fuel certificates and the reduction of their scope three footprint," Hume explained.

"What sets Flexport apart is the user-friendly interface embedded within the platform, allowing customers to effortlessly purchase SAF or marine biofuel certificates. This streamlined process eliminates the need for customers to navigate a complex procedure with an external provider," he stated. "This integration ensures a smooth and efficient experience for Flexport customers seeking to make environmentally conscious choices within the platform."

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Cargo handlers adapt as airfreight industry accelerates



IN the last four decades, the logistics industry, especially in airfreight, has undergone significant transformation. The demand for faster, more reliable transport solutions has positioned the sector as a vital component of international trade and e-commerce has given the industry an additional boost.

Digitalisation and globalisation have increased the need for speed, standardisation and efficiency – but also for closer integration with valued customers and partners. E-AWBs (electronic air waybills) are replacing manual paperwork. Sophisticated tracking systems and collaboration platforms are giving customers end-to-end transparency.

cargo-partner, a full-range logistics provider offering a comprehensive portfolio of air, sea, land transport and warehousing services, has sought to ride this wave of opportunity.

“Our strong network in Europe, Asia, the USA and Australia has been instrumental in helping us connect businesses across continents. With our control tower solutions, we provide end-

consolidation services between Asia and Western Europe.

In November, the logistics provider opened its fourth office in the UK, right next to London Heathrow Airport. After embarking on a joint venture with Aztek International Freight Ltd in 2021, cargo-partner acquired the remaining shares of the UK-based company in 2022. It now has branch offices in Manchester, Basildon, Bradford and London, offering comprehensive air, sea and road transport solutions.

“We are always doing our best to adapt to the needs of our customers,” Feiks said. “This includes offering a range of “speed service levels” to choose from in each of our transport modes – air, sea, rail and road.

“Our ECONOMY service stands out as the most cost-efficient choice. Opting for PRIORITY ensures both space priority and a personalised customer service experience. And when every minute counts, our EMERGENCY solutions show what we mean by our motto “we take it personally,” as we go above and beyond to deliver tailor-made solutions for our customers’ urgent shipments,” he added.

The extra mile

cargo-partner’s final mile service is a vital component of their end-to-end logistics commitment and represents a “one-stop shop” approach. As a logistics provider, they always aim for long-term cooperation and deep process integration with their customers to create sustainable “win-win” solutions.

“This allows us to enhance overall supply chain efficiency, reduce lead times, proactively address challenges and adapt to the dynamically changing needs of our customers,” Feiks stated.

Just as cargo-partner values a close and personal relationship with their customers, the same principle applies to their internal, cross-department collaboration.

“We take a long-term, holistic view of product development, including air, sea, rail and road transport, and are always looking for innovative solutions,” Feiks outlined. “In this context, diversification of services also plays a key role in reducing vulnerability to disruptions and rate fluctuations.”

For example, cargo-partner recently managed several time-critical shipments which they moved out of South China and delivered via Thailand or Vietnam as rates and capacities were simply more competitive.

“Our customers welcome our multimodal abilities, and this flexibility is valued especially during critical capacity issues,” he added.

Kong warehouse is just one of many cargo-partner hubs offering specialised services for e-commerce sellers, with several other warehouse locations worldwide. e-commerce has long been an integral part of our service offering, as reflected in our SPOT supply chain management platform, which includes a dedicated parcel module.”

ESG responsibility

cargo-partner believes that its role as a key player in the global logistics market comes with a strong environmental and social responsibility.

“Our membership in the UN Global Compact underscores our commitment to building a sustainable future for the logistics industry. This includes efforts to optimise transport routes, reduce carbon emissions, and implement sustainable packaging solutions,” Feiks highlighted. “In addition, our involvement in the UN Global Compact demonstrates our commitment to ethical behaviour and responsible business practices in the areas of human rights, labour, the environment, and anti-corruption.”

By actively participating in this global initiative, cargo-partner aims to drive positive change within the industry and help create a more sustainable and responsible future for logistics.

In addition, cargo-partner’s airfreight department started their first SAF (sustainable aviation fuel) transports exactly one year ago.

“It is still a niche product, but we are seeing increased customer interest,” Feiks added.

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to-end service from a single source, leveraging our global network while staying true to our motto “we take it personally,” Jo Feiks, Corporate Director Product Management Air Cargo at cargo-partner, explained.

Growth and opportunity

With a long-established and strong presence in Central and Eastern Europe and Asia, cargo-partner has made significant investments in recent years, strengthening its network in Western Europe and the USA to become even closer to customers in those markets.

Across 2023, cargo-partner saw major warehouse expansions in Slovakia, Croatia and Turkey, as well new air and sea freight



DELIVERING AMID DISRUPTION

“Chapman Freeborn was there, and responded accordingly by operating and executing hundreds of urgent cargo charter flights to facilitate this demand”

Over the past 50 years, there have been a number of shifts in market demand for cargo charter flights across diverse sectors, including military and defence, oil and gas, and energy industries.

Certain sectors consistently rely on dedicated cargo charter services due to the unique nature and urgency of the transported commodities, as well as the often remote locations involved and the risk of a challenging environment.

“Globally, it is essential and absolutely critical to have a wide range of cargo transport services available to our client base to ensure that we can respond and react to any situation or any cargo transport requirement presented to our cargo team,” Jack Burt, Senior Vice President of Cargo for the Americas at Chapman Freeborn, said.

Adaptability in the airfreight industry

Flexibility stands as a cornerstone of the Chapman Freeborn business model, affirming its capability to handle any size cargo transport request, anytime, anywhere.

“For example, the Covid-19 pandemic and the resultant disruption in global supply chains created a situation of unprecedented demand for cargo charter service around the world,” Burt explained.

“Chapman Freeborn was there, and responded accordingly by operating and executing hundreds of urgent cargo charter flights to facilitate this demand. One of the positive results of this situation was the elevation and recognition of the dedicated air cargo charter product as a practical and efficient solution to any supply chain disruption.”

More recently, the heightened instability in the Middle East has led to a surge in demand for dedicated cargo charter flights, specifically for the transportation of crucial humanitarian supplies, military equipment, and other essential items required in the region.

“Chapman Freeborn has responded and has successfully completed dozens of cargo charter flights utilising a wide selection of aircraft types including the Boeing 747-400F, Boeing 767-300F,

A300F and IL-76 cargo aircraft,” Burt added. “Yes, there has been an increase in demand or transport of essential items into the region such as humanitarian supplies military equipment, vehicles, etc.”

Moving market

The charter sector has performed quite well despite the downward trend and limited demand influencing the airfreight industry. This is due to the resilience of a few specific market sectors that utilise cargo charter services on a consistent basis and global events such as the Russian invasion of Ukraine and the recent Gaza conflict.

“We expect the global charter market to grow slightly this year, despite the tepid expectations in the general airfreight industry due to core market segments in the charter business such as: Automotive, Military & Defense, Oil & Gas and Aerospace industries,” Burt outlined.

The recovery of the passenger transportation market has recently put pressure on all-cargo aircraft operators worldwide. As demand for passenger transport has recovered post-Covid-19, the increased cargo capacity from belly space on passenger aircraft has increased competition and continues to put downward pressure on air cargo transport prices worldwide.

“It is nice to see traditional airlines adopting the all cargo freighter operations business model,” he continued. “This will allow for a larger pool and selection of aircraft for our client base which should allow for more competitive pricing and flexibility of charter flight scheduling.”

Airfreight rates reached an all time high during the Covid-19 and has since seen a significant adjustment and downward trend reaching a recent multi-year low point on many lanes.

“Despite this recent trend, we have seen consistent demand for dedicated cargo charter transport in certain market sectors,” Burt stated. “Yes some trade lanes are more robust and are supporting higher prices for air cargo transport, however we have seen significantly low demand and consequently low prices on some major lanes such as the transatlantic eastbound lane at certain times over past 12 months.”



CHARTERS RISE TO THE CHALLENGE

Post-Covid normalisation has brought certain pressures to the charter sector, with fuel prices being a significant impact. The drastic increase in fuel rates has added operational costs for charter flights. Additionally, the reduction in sea freight rates post-Covid attracted some cargo volumes back to maritime transportation as a more cost-effective option. However, airfreight remains indispensable for urgent and critical shipments, reaffirming its role as the primary solution in time-sensitive situations.

Challenge Group's demand for charters evolved from initially transporting pandemic-related cargo like vaccines and protective equipment to becoming a versatile ad-hoc and charter series provider. The shift in demand was prompted by the lack of available belly capacity on passenger flights during Covid-19.

As the company adapted, it established itself as a solution for supply chain crises, reacting swiftly to changing needs. This adaptability and responsiveness contributed to Challenge Group completing its 1,000th charter flight in less than three years.

"Having a diverse cargo expertise is critical for a strong charter business, especially during crises and supply chain disruptions. The ability to handle pharma, out of gauge cargo, live animals, valuables, aerospace, automotive, and more makes the business resilient and preferred for complex cargo," Edward Micallef, General Manager, Challenge Air Cargo, highlighted.

"However, expertise alone is not enough; ancillary services like crating, packaging, special equipment, handling and trucking are equally vital to enhance overall end-to-end logistics solutions. This combination ensures the business is adaptable, busy, and a preferred choice for a wide range of cargo needs," he continued.

Filling the void

There are notable regional variations in charter rates, driven by specific factors. In the Far East, there is a substantial increase in demand, particularly before the festive season, attributed to the e-commerce boom. This surge in online shopping has heightened the need for consistent air transportation services in the region.

Conversely, in the Middle East, the ongoing conflicts have led to a lack of capacity and increased demand for charter services. This heightened demand is primarily for basic goods and humanitarian aid, emphasising the critical role of airfreight in responding to urgent needs in conflict zones. The regional dynamics and the types of cargo being transported contribute significantly to the variations in charter rates across different areas.

During geopolitical tensions, the sudden halt in passenger traffic eliminates belly capacity, creating a void that freighter operators and charter brokers are called upon to fill. This situation emphasises the charter sector's key role in establishing air bridges between countries during critical times, ensuring the transportation of essential goods and aid from around the world

to the affected regions. In response to increased demand and the need for humanitarian aid, charter brokers, including Challenge Group, have expanded capacity in and out of the Middle East.

"These events have highlighted the strategic importance of freighter operators, putting them in the spotlight," Micallef outlined. "Despite earlier overcapacity, the evolving global situation has shifted the dynamics, presenting new opportunities for charter services due to the heightened demand in response to different disruptions and supply chain uncertainties."

"The instability in certain regions has indeed changed the nature of cargo being transported by charters," he explained. "Specifically, there has been a notable rise in humanitarian aid shipments. The conflicts and a high number of natural disasters in the past year have contributed to a significant increase in the need for urgent assistance."

"Furthermore, during times of turmoil, challenges in breeding livestock and disruptions in food supply chains often lead to food shortages. As a result, the transportation of food-related cargo has become another growing vertical in response to these complex situations," Micallef added.

Optimistic outlook

Charters offer control and flexibility, allowing the movement of goods anywhere with minimal risk. In uncertain times, the supply chain values stability, leading to a preference for freighter capacity over belly capacity, reinforcing the charter sector's strength and reliability in providing secure and adaptable logistics solutions.

"While traditional airlines are expanding into freighter operations, focusing on scheduled services, the charter sector maintains an edge with its specialisation in complex and niche cargo," Micallef said. "The charter sector's expertise allows it to excel in specific charters and selected trade lanes, offering tailored solutions and rapid response capabilities thanks to our three air operator certificates, that may not be fully addressed by traditional carriers' broader freighter services."

The charter sector has reained robust despite challenges because, since Covid-19, shippers and customers recognised that charters provide stability in the supply chain during turmoil.

"In 2024, our focus in the charter segment includes continued support for global humanitarian aid. With zoo and circus closures in Europe, we're seeing a rise in live animals requests, with planned projects for relocating endangered species," Micallef explained. "We are actively involved in logistics for music entertainment world tour movements, offering reliable and flexible solutions with specific ancillaries facilitated by our hub assets."

"Our commitment is to offer high operational standards for complex verticals and provide efficient and specialised charter services and end-to-end logistics solutions across various industries, emphasising adaptability and reliability," he continued.

"These events have highlighted the strategic importance of freighter operators, putting them in the spotlight"

VIEW FROM THE MAINDECK

AIR cargo charters are the foundation for the whole charter broking industry. The Air Charter Association (ACA) has been the core of this industry from its very beginning, over 74 years ago, covering the global air charter network.

As a body, they lead industry self-regulation, promote the best supply chain relationships and their members are accredited as experienced and trustworthy professionals.

"The ACA is the "go-to" source of industry information, proactively represents our members to government and regulators, provides expert guidance, support, training and organises unrivalled networking events," Glenn Hogben, Chief Executive of the Air Charter Association, said.

The ACA holds regular events which feature conference sessions focused at sharing the latest cargo charter information and fostering discussion to promote engagement in industry issues and challenges. In addition, they produce quarterly bulletins that highlight key industry information to members alongside newflashes to highlight urgent information.

Balancing capacity

Balancing customer demand and capacity is not a new phenomenon, quite the opposite, carriers have been managing this for many years. Ultimately, on a global scale, the market naturally manages this as carriers cease operating when demand falls which reduces capacity and start-ups increase capacity when demand increases. On a smaller scale, operators park up or retire older more costly aircraft to reduce capacity.

Smaller carriers are also using the strategy of having quick change aircraft to allow use as passenger and cargo when required.

"Recently our members are feeding back that demand is levelling with less of the traditional peaks and troughs in demand predominantly due to e-commerce and certain just-in-time manufacturing industries providing a regular demand for capacity," Hogben stated.

Industry focus

The ACA currently has three main initiative areas they are looking at, which are sustainability, regulatory affairs and resource and talent. The association has identified these focus areas from discussions and member feedback identifying these as the key areas impacting the industry currently and in the near future. Their working groups are progressing initiatives in all these areas.

"Alongside these we carry out regular PR and media interviews specifically highlighting the importance of using ACA accredited and professional brokers to support aircraft charters. We do this across all types of aircraft, from cargo through to rotary, and aim to showcase the valuable service brokers provide to clients and operators," Hogben explained.

Meeting sustainable criteria

Cargo aircraft have a significantly longer operating life than passenger aircraft, in fact, many are converted passenger aircraft that have reached the end of their passenger operating life.

This means the global fleet is significantly older and the reduction in emissions achieved with new engines, lighter materials and aerodynamics on modern aircraft has not reached a majority of the air cargo carriers yet. This will happen as older aircraft retire and are replaced by new conversions but there is definitely a time lag behind the passenger market.

"There are also limited options for the cargo carriers as aircraft replacement costs are prohibitive, client price focus means sustainability is not their priority. In addition, sustainable fuels which will be an interim solution are not available in sufficient quantity or locations and are significantly more expensive," Hogben outlined.

The industry is therefore working to put into practice industry innovative steps to improve efficiency and sustainability. The ACA has partnered with 4Air an aviation specialist sustainability company who provide a range of support to our members to begin and develop their sustainability plan their actions.

They provide a carbon offsetting solution to make an immediate change to reduce the impacts and provide sustainable aviation fuels (SAF) and a book and claim system where SAF can be bought for a flight where it is not available but loaded into another aircraft to achieve the same reduction in overall emissions.



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