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With much of the global passenger fleet still on the ground, there is a critical need for additional main deck freighter capacity that will be helped by the CMA CGM-Air France-KLM partnership. Photo credit: CMA CGM.

CMA CGM has entered a 10-year strategic partnership with Air France-KLM, combining the freighter capacity and cargo networks of both groups into one service offering in a dramatic expansion of Marseille-based CMA CGM's air freight aspirations.

Air France-KLM and CMA CGM will join forces to operate the freighter aircraft capacity that currently consists of 10 all-cargo aircraft with an additional 12 planes on order. CMA CGM Air Cargo currently operates four freighters with orders for an additional eight all-cargo aircraft, while Air France-KLM operates six freighters from its two hubs at Paris-Charles de Gaulle airport and Amsterdam Airport Schiphol and has orders for another four.

The new partnership, which also covers the belly cargo capacity provided by Air France-KLM's fleet of 160 long-haul passenger aircraft, allows CMA CGM to "significantly accelerate" the development of the group's air cargo division, group CEO Rodolphe Saadé said in a statement Wednesday.

CMA CGM will also invest in a 9 percent shareholding of Air France-KLM for the duration of the commercial partnership, which will give the ocean carrier and logistics provider one seat on the Air France-KLM board.

The strategic commercial partnership is expected to generate "significant revenue synergies," CMA CGM said in the statement, including the joint design of the freighter networks that increased the mix of products and services.

Since fully acquiring CEVA Logistics in early 2019, CMA CGM has steadily widened its end-to-end intermodal service offering in an effort to meet increasing customer demand for integrated services.

Saadé said the partnership with Air France-KLM, through which CMA CGM will combine the airline's vast cargo capabilities with its own sea and land transport network, is "fully in line" with this strategy.

Critical need for main deck capacity

Glyn Hughes, director general of The International Air Cargo Association (TIACA), said the move deeper into air cargo by CMA CGM was similar to the strategy of Maersk, noting that Mediterranean Shipping Co. is also exploring air freight options.

"This confirms that air cargo is on a growth trajectory for enhancing value added services supporting the global economy and aligned to evolving consumer trends," Hughes told JOC.com Wednesday. "Demand for capacity to support e-commerce, high-tech, fresh, perishable, and time-sensitive commodities is fueling this growth in air cargo, and with passenger networks not expected to be back to 2019 levels until 2024–25, the need for main deck capacity is critical."

Peter Sand, chief analyst for rate benchmarking platform Xeneta, said it made sense for CMA CGM to invest in an existing air freight operator that already has the needed expertise, rather than scaling up organically.

"All the ocean carriers are minting money these days and seeking to push their service offerings wider to include more modes, like air, and to get into full transport end to end," he told JOC.com, adding that customers for these services would have fewer handovers and shorter transit times.

To call CMA CGM's expansion into asset-based air freight "rapid" would be an understatement. Just 18 months ago, CMA CGM only offered air cargo within a suite of services operated by subsidiary CEVA Logistics. The carrier's first foray into asset-based air cargo came in September 2020, when CMA CGM bought a 30 percent stake in Groupe Dubreuil Aéro, a French passenger airline operating an air freight division covering French overseas territories.

That was followed by the acquisition of four Airbus 330-200 freighters and the launch of the CMA CGM Air Cargo division in February 2021. Since then, the carrier placed orders for two Boeing 777 freighters in September, with the planes due to join the fleet in spring this year, and ordered four Airbus 350 new generation freighter aircraft that will start coming online from 2025.

On top of its air cargo expansion, CMA CGM has used its immense profitability over the past two years to make targeted high-profile acquisitions. In November 2020, CMA CGM repurchased a majority stake in the Fenix Marine Services container terminal in the Port of Los Angeles for \$2.3 billion. The following month, CMA CGM flexed its growing financial muscle with the \$3 billion acquisition of the commerce and lifecycle services business of US-based contract logistics and e-commerce specialist Ingram Micro.

In January 2022, the carrier acquired a majority stake in European last-mile logistics specialist Colis Privé, a parcel delivery company part-owned by Amazon, although the takeover price was not disclosed. In April, the carrier acquired Europe's leading automotive logistics service provider Gefco, also for an undisclosed sum.

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