

Air cargo peak season elevates as Chinese export rates hit 2024 high



Air cargo on the main Asian routes to North America and Europe has effectively been in peak season mode all year. Photo credit: supakitswn / Shutterstock.com.

Greg Knowler, Senior Editor Europe | Nov 6, 2024, 11:56 AM EST

Average air cargo rates from China to North America and Europe have hit their highest levels this year as peak season demand and cargo flows in preparation for November's e-commerce online promotions begin to gear up.

The rate from Shanghai to North America this week reached \$6.79 per kilogram, up 7% from last week and 30% higher year over year, according to the Baltic Air Index (BAI). Shanghai-North Europe rates hit \$4.85/kg, up 9% on the week and a year-over-year increase of 18%.

"Alongside e-commerce growth, the launch of new electronic goods and products has driven prices upward," Kathy Liu, vice president of global sales and marketing at

Taiwan-based forwarder Dimerco Express Group, said in a market update this week.

"The traditional peak season began in mid-October, immediately following China's Golden Week holiday," she added. "November is anticipated to be the peak month of 2024, particularly for shipments destined for the US and Europe."

Liu noted that air freight capacity within intra-Asia routes was extremely limited as airlines allocated a greater portion of first-leg allotments to long-haul shipments that carried higher revenue potential.

Air cargo on the main Asian routes to North America and Europe has effectively been in peak season mode all year with the volume dominated by China's e-commerce exports. Global air cargo recorded double-digit year-over-year demand growth in all 10 months through October and is on track to finish the year up approximately 14% year over year, according to rate benchmarking platform Xeneta.

"This puts air cargo demand safely on course to report double-digit growth in 2024, and not even zero growth in November or December is going to disrupt this," Niall van de Wouw, Xeneta's chief air cargo officer, wrote in a market update this week.

Regulatory clampdown on 'de minimis' goods

While the year will end on a high for the air freight industry, there is growing pressure on regulators in the US to clamp down on Chinese imports and reduce the generous \$800 "de minimis" value threshold under which goods do not have to pay a duty.

The e-commerce platforms in the past 18 months have factored this into their business models that almost exclusively use air cargo for shipments to the US, but the regulatory pressure is likely to be turned up under the new Trump administration.

"The Biden administration proposed excluding large swaths of Chinese imports from de minimis eligibility," Judah Levine, head of research at freight marketplace Freightos, said in a report this week. "If Trump moves forward with something similar, it could be a major challenge to the surge of Chinese goods arriving by air via platforms like Shein and Temu."

If there is a clampdown, it will not only be the Chinese e-commerce platforms that come into the regulatory crosshairs. A report from stock market data provider AltIndex released Wednesday shows that most products sold by Amazon are made in China.

"Statistics show that 71% of the products that wholesalers and retailers sell on Amazon are produced in China, or 2.4 times more than in the United States, illustrating China's importance for Amazon's business," AltIndex said.

Amazon has a 40% share of total e-commerce sales in its home US market, with products made in the US accounting for 30% of the company's total goods sold and India third at 14%, according to industry data.

On the trans-Atlantic, Europe to North America saw a month-over-month volume increase of 11% in October, according to Xeneta. Backhaul volume rose 10% sequentially in October as shippers and forwarders took precautionary measures to lessen the impact of the three-day strike by dockworkers at US East Coast and Gulf Coast ports.

Air cargo rates from North Europe to North America have remained elevated all year and are currently at \$1.84/kg, unchanged from the same week last year, according to the BAI. Xeneta expects the rise in trans-Atlantic air freight rates to continue with airlines' winter schedules, leading to reduced cargo capacity from the end of October.

Contact Greg Knowler at greg.knowler@spglobal.com.

© 2024 S&P Global. All rights reserved. Reproduction in whole or in part without permission is prohibited.

You are permitted to print or download extracts from this material for your personal use only. None of this material may be used for any commercial or public use. For more information on reprints/eprints, please visit <https://subscribe.joc.com/mediasolutions/>.