

Asian air cargo block space sold out for 2024 as e-commerce fills export capacity



Air cargo demand to the US and Europe has continued to grow this year. Photo credit: Matheus Obst / Shutterstock.com.

Greg Knowler, Senior Editor Europe | Apr 4, 2024, 11:37 AM EDT

All air cargo block service agreements (BSAs) from Asia to the US and European Union for this year have been sold out as the ongoing surge in demand for e-commerce floods China's airport gateways, according to Taiwan-based forwarder Dimerco.

The BSAs for 2024 were finalized in March with forwarders moving quickly to secure space amid fierce competition from large Chinese e-commerce platforms or marketplaces such as JD.com, Alibaba, Shein or Temu.

“This surge in demand is fueled by the optimistic outlook for the e-commerce sector, which signals a promising trajectory for the air freight market in 2024,” Kathy Liu,

senior director of global sales and marketing at Dimerco, said in a market update this week.

Air freight volume posted an 11% year-over-year increase in March, surprising air cargo analysts. It was the third consecutive month the year-over-year jump came in at 11%.

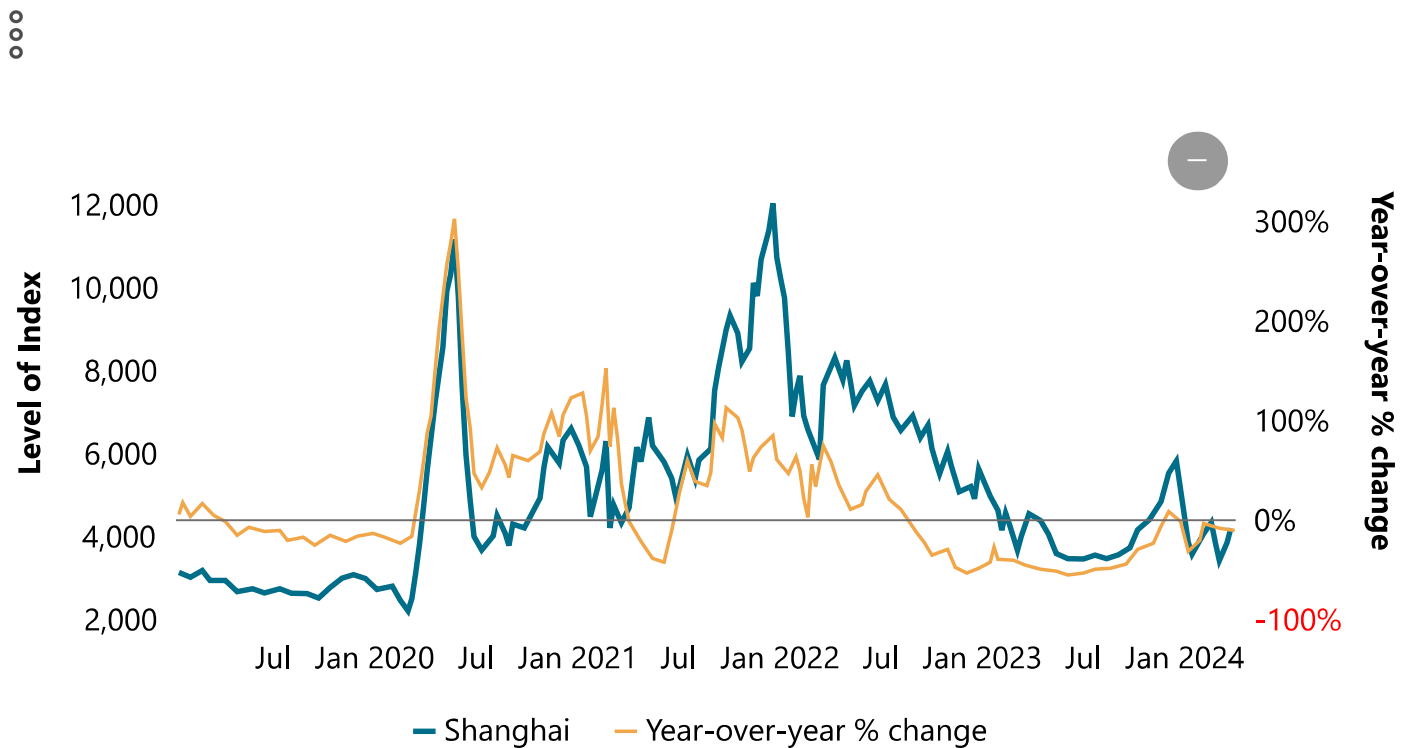
“While this latest monthly data should be balanced against the lower base recorded in the corresponding month of 2023, when we saw weakened global manufacturing activities, Q1 2024 has still seen a surprisingly busy air freight market,” said Niall van de Wouw, chief airfreight officer at rate benchmarking platform Xeneta.

"The level of demand in the first quarter doesn't indicate a market which is running out of steam so far," he added, with e-commerce growth "showing no sign of abating on its most prominent lanes."

Rates are below the levels seen at the same time last year but have continued to trend upward, especially to US destinations, shrugging off the post-Lunar New Year market slowdown traditionally seen in March.

Ex-China air freight rates rising after Lunar New Year lull

Outbound Shanghai air cargo spot rate index, with year-over-year change



Source: Baltic Air Freight Indices powered by TAC

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1M	6M	1Y	2Y	27M	YTD	MAX
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Despite a steady injection of belly cargo capacity as passenger flights are reactivated, average spot rates from Shanghai to North America of \$5.07 per kilogram at the end of March were up more than 22% compared to the start of the month, while Shanghai-North Europe rates of \$4.09 rose 3%, according to the Baltic Air Index (BAI).

Rising sea-air demand

On top of the boom in e-commerce is a move from sea to air by cargo owners with urgent shipments, which is boosting rates and driving up demand for space out of Vietnam, Thailand, Sri Lanka and Dubai.

Netherlands-based air cargo analyst WorldACD noted in an update this week that Asia-Europe sea-air hubs such as Dubai, Colombo and Bangkok have experienced exceptionally high air cargo demand to Europe since the start of this year.

Dubai-Europe tonnage was up 162% in the last half of March compared with the level this time last year, while Bangkok-Europe volume was up 46%. Colombo-Europe tonnages rose 22% compared to the same two weeks last year. Air freight is often measured in one- or two-week blocks because of fast transit times.

Dimerco noted that in South China, e-commerce customers were even resorting to charter flights because of a surge in volume of traditional electronic products, while in North China, Temu, Shien and Tik Tok were buying up much of the available space. South Korean carrier Asiana Airlines has responded to the demand surge by reinstating four freighter flights per week after canceling two in February.

Backlogs of cargo were developing in Vietnam's export hubs of Hanoi and Ho Chi Minh City, with Dimerco noting that most flights from the country relied on intra-Asian hubs for transit as there was limited direct connections to North America and Europe. Space out of Thailand is also in short supply as the fruit season begins.

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