

## Lack of US market access kills CMA CGM-Air France-KLM air cargo deal



*CMA CGM Air Cargo has six freighters in its fleet and another six on order. Photo credit: CMA CGM.*

Greg Knowler, Senior Editor Europe | Jan 16, 2024, 9:37 AM EST

The 10-year air cargo joint venture between CMA CGM and Air France-KLM has been scrapped less than a year after it began after the deal became caught up in an airport slot dispute between the US and the Dutch governments.

Sources have told the *Journal of Commerce* that the ongoing row over airline slots at Amsterdam Schiphol airport was making it difficult for the air cargo joint venture to gain regulatory approval for access to the US market critical for the operation of a global air freight network.

CMA CGM declined to comment on any difficulties in securing antitrust clearance in the US for its strategic cooperation with Air France-KLM but acknowledged that the

end of the agreement was a result of regulatory issues.

“The tight regulatory environment in certain important markets has prevented the cooperation from working in an optimal way,” CMA CGM said in a statement Tuesday. “As a consequence, Air France-KLM and CMA CGM today announce their decision to withdraw from their existing agreements from March 31, 2024.”

## Slot cutting plan

A Dutch plan to lower noise pollution at Schiphol, one of Europe’s busiest airports for both passengers and cargo, aims to cut the number of available take-off and landing slots beginning this summer.

US carriers complained last year they would lose more than 300 landing slots with one airline, JetBlue Airways, losing all access to the Dutch hub. Last November, the US Department of Transportation (DOT) accepted complaints by JetBlue against the Dutch government and the European Union and has required all Dutch airlines to submit their US flight schedules as it works on a broader regulatory response.

“The regulatory context was not favorable given the dispute between the US DOT and the Dutch government around the access of Schiphol airport, thereby creating delays and uncertainties no longer compatible with the ambitions of the parties,” a source told the *Journal of Commerce*.

With CMA CGM’s joint venture not receiving the requisite regulatory approvals to operate in the US market, the carrier will need to reorganize its global air freight network as the air cargo divisions of its two main rivals [Maersk](#) and [Mediterranean Shipping Co.](#) continue to develop services on the lucrative Asia-US trade lane.

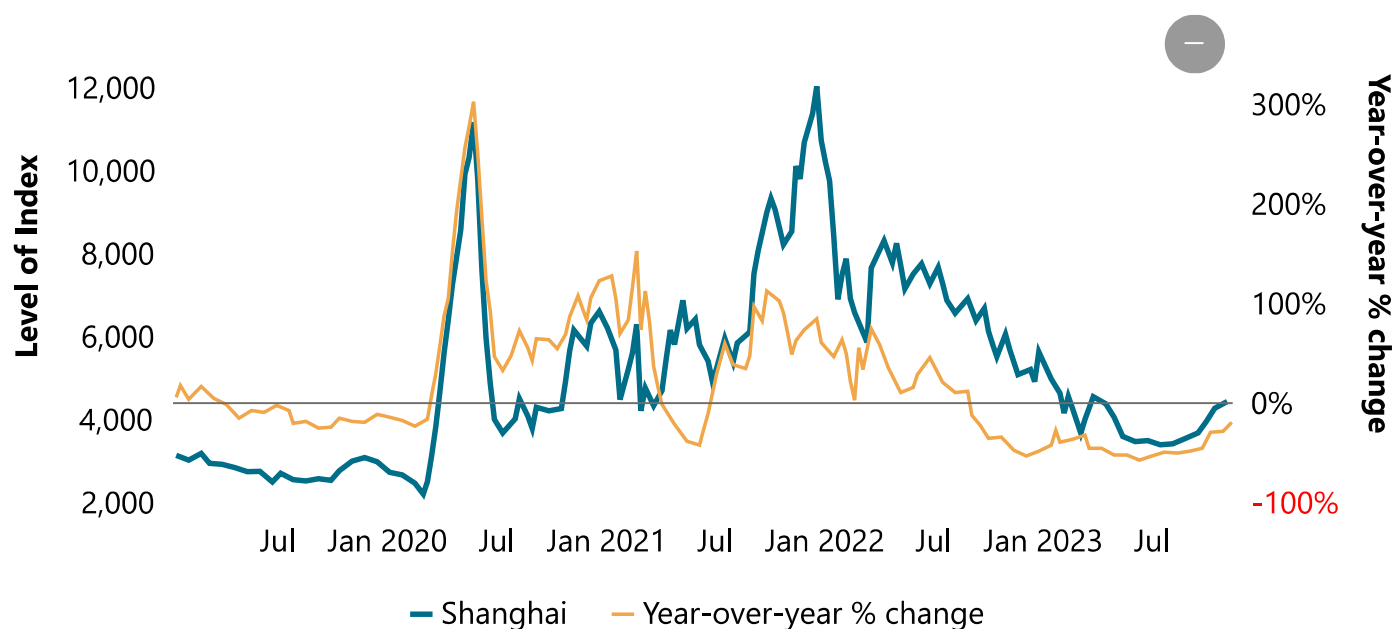
MSC this week announced that its fourth Boeing 777 freighter was delivered to operator Atlas Air which will use the aircraft on MSC Air Cargo’s existing weekly service that includes a route from Hong Kong to Dallas/Fort Worth. Maersk last year increased to 19 its weekly services from Asia and Europe into its two US hubs at Chicago-Rockford and Greenville-Spartanburg (South Carolina) international airports.

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### Ex-China air freight spot rates rebound in Q4 2023

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





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Source: Baltic Air Freight Indices powered by IAC

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1M 6M 1Y 2Y YTD MAX

Trans-Pacific air cargo rates rallied in the fourth quarter of last year on solid US demand for e-commerce through the peak season, lifting Asia-North America spot prices to levels not seen in more than a year. While rates have fallen off into the new year, the Shanghai-North America spot rate of \$4.18 per kilogram remains significantly higher than average prices before the pandemic.

## Rapid fleet expansion

Flush with cash after two years of record profitability, CMA CGM plunged headlong into the air cargo business in 2021 with the establishment of CMA CGM Air Cargo. Starting with two Airbus A330-200 freighters, the carrier quickly expanded its fleet, and by the time the Air France-KLM joint venture was agreed upon in May 2022 it had five freighters on its books and another seven cargo planes on order.

The move into air cargo extended CMA CGM's control of its end-to-end supply chain and complemented the forwarding activities of subsidiary CEVA Logistics. Maersk and MSC also made moves into the air cargo arena, but the CMA CGM-Air France-KLM air cargo deal was unprecedented in its global scale, bringing together the vast air freight networks and logistics platforms operated by the two French groups.

While CMA CGM will remain a core shareholder in the airline, it will step down from the board of Air France-KLM on March 31. The two groups are in discussions on the terms

and conditions of a new commercial agreement that will see them operating independently from the end of March.

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