

Savvy air cargo shippers use strategic rate, space deals to offset capacity constraints



*Atlas Air has a fleet of 120 freighter aircraft, 70 of which are widebodies used on long-haul routes.
Photo credit: Atlas Air.*

Greg Knowler, Senior Editor Europe | Oct 18, 2024, 10:04 AM EDT

AMSTERDAM — Air cargo shippers on the trans-Pacific and Asia-Europe trades are far better prepared for the end-of-year peak after almost 12 months of high demand and tight capacity out of China, according to forwarders and air freight executives.

With e-commerce shipments filling much of the available air freight capacity out of Chinese airport hubs, shippers of traditional air freight have spent the year working out the most effective fixed-rate deals or block space agreements (BSAs) to lock in the required capacity. Shippers have also adjusted inventory levels to cover any shortfalls should space become a problem in the traditional fourth-quarter peak season for air freight.

“Space will be tight out of China, but we have been working with our long-term forwarding partners to ensure we have the space we need and when we need it,” Mark Fullarton, director of global transportation at Zebra Technologies, told the *Journal of Commerce*. “We have plans in place to mitigate any shortages, so right now there are no alarm bells.”

Jeffrey van Haeften, senior vice president of cargo commercial worldwide for Dubai-based Emirates Skycargo, said BSAs ensured there was capacity available for the airline to serve its forwarder market.

“Around 50% of our volume is e-commerce but we have BSAs set for a year that enable us to provide space for our loyal forwarding base,” van Haeften said.

Emirates has 36 freighters a week leaving Hong Kong for Dubai, with the cargo fed to Hong Kong from Shanghai and Guangzhou.

Air cargo has been stuck in peak season mode since the end of the first quarter as heavy and ongoing demand for e-commerce in the US and Europe has filled both freighters and the belly space on passenger airlines leaving Asia.

Shortage of belly space

Conor Brannigan, vice president of strategy at Atlas Air, told the *Journal of Commerce* that below-deck belly space available out of Hong Kong — the world’s busiest cargo airport — was nowhere near back to pre-pandemic levels.

“Belly capacity out of Hong Kong is down by 4,000 tons per week compared to 2019 levels,” he said, adding that the missing capacity was enough to fill 400 747 freighter aircraft.

Atlas Air has a fleet of 120 freighter aircraft, 70 of which are widebodies used on long haul routes. But, Brannigan said, “believe it or not, that is not enough.”

Niall van de Wouw, chief air freight officer at rate benchmarking platform Xeneta, said he was not picking up signals that space will be severely short out of Asia-Pacific during the end-of-year peak season.

“I don’t hear that when I talk to the airlines,” he said. “It will be very busy, and demand will be high, but it will not be the peak of all peaks. And I think that is because cargo owners and forwarders are far better prepared than they were last year.”

Data from air freight analyst WorldACD for September shows tonnage from China to the US was down 8% year over year. Tonnage to Europe from Hong Kong, where e-

commerce makes up a significant proportion of traffic, has remained highly elevated and by the beginning of October was up 26% year over year.

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