

ATLANTIC CROSSING

With cargo experiencing record demand on trade lanes around the world despite the impact of Covid-19, features editor *Melissa Moody* explores the Transatlantic route and how it has been affected

The start of this decade has proved to be a challenging one for every industry, not least of all air cargo. Despite passenger numbers plummeting early in 2020 and significantly reducing the space available in belly-holds of passenger aircraft, the aviation industry quickly found ways to keep things moving.

Although countries started to open their borders again in June and July, by August and September second waves of the pandemic were beginning to show across the globe.

The International Air Transport Association (IATA) reported in its Air Cargo Market Analysis for August that air cargo continued to slowly improve during that month, with industry-wide cargo tonne-kilometres (CTKs) down 12.6 per cent year on year, compared to 14.4 per cent in July. Even though August 2019 had been a soft month amidst global trade tensions, it said that air cargo demand “remains far from its 2019 levels”.

Alternative options

IATA's report also noted that elevated Covid cases in many economies led to weak passenger demand and widespread travel restrictions in August. As a result, the rebound in cargo volumes expected towards the end of the year has been slower than expected.

The report stated: “This is mostly because air cargo capacity remains insufficient, with industry-wide available cargo tonne-kilometres (ACTKs) declining by 29.4 per cent in August. International belly capacity is still scarce, and airlines have not been able to raise dedicated freighter capacity as much as needed.”

However, that is not for a lack of trying. Many airlines that have traditionally transported cargo in the belly-holds of passenger aircraft have converted them instead to combined passenger and cargo, or complete conversions into freighters, even flying belly-cargo flights without any passengers in an effort to keep freight moving.



Clockwise from left: Since March, American Airlines has moved 362 million pounds of cargo; Delta Cargo's Shawn Cole says the company launched a charter cargo operation to supplement passenger flights; IAG Cargo adapted passenger aircraft for cargo; Delta Cargo has operated more than 1,400 cargo charter flights since February

solutions to ensure that its cargo kept moving around the world.

"It is critical that we optimise every cubic metre of capacity and we have worked with our customers to ensure that bookings are accurate, space is proactively managed and capacity aligned to demand," he notes.

"To increase our cargo capacity, we utilised cabin space, placing cargo on passenger seats and strapping them in with netting to keep them in position. We then adapted two Boeing 777s into 'freighters' by stripping out the seats in the cabins. These have played an important role in the movement of essential PPE and medical equipment."

Pharma first

With reduced capacity during the pandemic, it was essential that the cargo being transported would be of use to frontline services. Delta, IAG and American Airlines all confirm that their cargo flights were primarily used to transport personal protective equipment as demand surged, later moving to medical equipment and life science products in preparation for a vaccine.

"Initially, our cargo-only flights were largely helping shippers meet the tremendous demand for PPE and medical equipment," explains Oxentine. "Months later, we're also moving other life science products such as Covid-19 test kits and the supplies needed for antibody tests. We've also used our cold-chain products to ship Covid-19 vaccine trials both within the US and around the world."

International belly-cargo capacity was down 67 per cent in August, a "modest improvement" from the 70.5 per cent decline witnessed in July, according to IATA. At close to 11 hours a day, daily widebody freighter utilisation is already at its highest level since the reporting started in 2012 and new freighter deliveries have been moderate in the past few months, resulting in lower capacity for higher demand.

"While it is hard to compare this year with previous ones given our reduced passenger schedule, we have been utilising our widebody aircraft to fly only cargo in the belly," says American Airlines Cargo's director of global sales, Lisa Oxentine.

"We've been flying this cargo-only network for about seven months and the schedule keeps growing, allowing us to move more cargo around the world despite the limitations around international passenger travel."

Since March, when it conducted its first cargo-only flight, Oxentine notes that American Airlines has moved 362 million pounds (164 million kilos) of cargo across its system, despite having less than half of its usual capacity.

Since starting the cargo-only service, the carrier has marked its single largest shipment on a Boeing 777-300 with more than 125,000 pounds (57,000 kilos) flying from London to New York. It operated nearly 1,000 cargo-only flights

in September alone and was expecting the same number for October. "This type of cargo capacity wouldn't have been possible on one of our usual commercial passenger flights," adds Oxentine.

Meanwhile, Delta Cargo's response to a decline in cargo capacity was to launch a charter cargo operation to supplement passenger flights.

"As the Covid-19 situation evolved, we recognised that our global supply chains needed support for shipping essential goods to businesses and communities since passenger flight restrictions were introduced and routes were being suspended. Responding to Delta corporate customers who told us they needed help transporting cargo during these times of uncertainty and chance, we launched a cargo charter operation," comments Delta Cargo vice-president Shawn Cole.

To date, the airline has operated more than 1,400 cargo charter flights since February and is now averaging more than 50 international cargo flights each week.

IAG Cargo – which transports cargo under the British Airways, Iberia, Vueling, Aer Lingus and Level brands – took a similar approach by launching a new charter team to deal with the number of requests coming in, in addition to adapting its passenger aircraft for cargo use.

IAG Cargo chief commercial officer John Cheetham remarks that from the outset the airline was attempting to find



IAG found that at the start of the pandemic, traditionally popular products like automotive and textile consignments paused as PPE increased and North America sought to meet increased demand.

"As different sectors of the world's economies have gradually started to reopen over the last few months, we have seen an increased demand for the transportation of manufacturing goods, automotive spare parts, electronic equipment, laptops, cosmetics and ecommerce, indicating a return to more historic flows," observes Cheetham.

Cole agrees, saying that Delta used its charter service to carry medical and PPE equipment, pharmaceuticals, home office supplies, US mail and food.

"To provide the safe and reliable transportation of customers' goods around the globe given the capacity constraints within the region, Delta is strategically adding capacity in support of overall passenger and cargo growth, supporting the shipping community's needs."

Next steps

Despite the challenges that 2020 has brought to the industry, companies are optimistic for the future. Route-level data for the month of July shows that some markets are performing better than most, such as Transpacific, which is up 3.7 per cent year on year, most likely due to a strong North American ecommerce demand for products manufactured in Asia.

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Hopes for recovery remain high, even though the Transatlantic trade lane has been shown to be struggling more than most due to trade tensions and quarantine restrictions.

However, IATA reports that all regions showed progress in August compared to July, which is the first widespread improvement since May. It believes that this will continue and, while seasonality has been muted so far since the start of the pandemic, the standard peak season may provide some support to volumes.

"Although overall Transatlantic capacity is down year on year, our EMEA sales and revenue management teams are successfully focusing on the best product mix to maximise overall cargo development to the US. Whether it is pharma or fashion, Mumbai or Tel Aviv, Delta Cargo is focused on improving the support to our customers with increased capacity and reliable service," emphasises Cole.

Many airlines have looked at the pandemic as not just a challenge to overcome, but also something that has provided them with the opportunity to improve working processes. Oxentine

says the pandemic has shown American Airlines how important it is to collaborate with customers and build a network to serve their needs.

"This year has presented us with challenges unlike anything we've ever seen," she explains. "While the

pandemic has resulted in a reduced passenger schedule, we've witnessed record-breaking demand for cargo capacity. Today, our cargo-only flights serve nearly 30 cities – all strategically chosen to meet customers' unique needs while also making economic sense."

Oxentine explains that as passenger demand returns the carrier will look to add cargo capacity, with the best solution being to expand its passenger schedule.

"In the current environment, cargo-only flying helps us to utilise our planes effectively and connect the world with the goods that keep the global economy moving," she remarks. "The Covid-19 pandemic has given us the opportunity to take this one step further by operating routes based on demand solely dedicated to cargo."

"In the future, we're looking forward to passenger demand returning – particularly on our international routes. As more pre-flight Covid-19 testing becomes available for international destinations and borders reopen, we are hopeful that we'll be able to restore the passenger service we are accustomed to offering," concludes Oxentine. 📍

