PREMIERE ERA

NEWSLETTER

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Flexport is launch partner for Eastern Air's express freighter service

BY Roger Hailey

Flexport has become the launch partner for Eastern Air's express freighter service, with a multi-year contract using B777s with converted main deck cabins for e-commerce goods.

US-based Eastern is expected to begin flying its B777 express freighters, once approved by the Federal Aviation Administration, on behalf of California-headquartered freight forwarder Flexport with twice weekly services between Chicago and Hong Kong airports, as well as between Chicago and Saigon's Ho Chi Minh City hub.

The new design converts the main deck cabin of the widebody passenger B777 into a cargo aircraft that will enable Flexport clients – valuable global brands and fast-growing e-commerce companies – to fulfil consumer demand.

The soon-to-be launched service will join Flexport's tech-enabled global airfreight, container freight station (CFS) and trucking network.

As all shipments are managed via the Flexport Platform, clients utilising the Eastern's Express Freighter service will benefit from end-to-end control of their shipments and continuous milestone visibility.

Flexport clients shipping from Asia hubs into the US Midwest can use Flexport Platform data to determine high value SKUs and prioritise shipments to control."There is an urgent demand to develop new solutions that alleviate the constricted global cargo market," said Steve Harfst, Eastern Air Holdings president and chief executive.

"Our partnership with Flexport, combining the large volume of our B777 Express Freighter with Flexport's leading edge eCommerce technology and logistics platform, will fill that unmet need and add new capacity to the global cargo market."

Neel Jones Shah, executive vice president and global head of airfreight at Flexport, said: "Eastern has developed new, creative solutions to help solve the global airfreight capacity crisis, and we're honoured to partner with them.

"Flexport client demand for airfreight has roughly doubled while global capacity has remained approximately 10% below pre-pandemic levels. Our strategic agreement with Eastern will provide critical net-new capacity to the market and bring our two innovative companies together to help meet demand and fuel growth."

Eastern has purchased five B777s for cargo conversion, with an option to acquire 30 additional B777s.

Eastern Air Cargo offers general cargo sales, cargo charters, ACMI/wet-leasing and dry leasing in customisable routes.

Flexport recently announced major funding for its expansion plans.

Pittsburgh International reports rising air cargo volumes

BY Damian Brett

Pittsburgh International Airport (PIT) saw its cargo volumes increase by double-digit percentage levels last year as demand soared and capacity constraints hit rival airports.

The airport in Pennsylvania, US handled around 113,000 tonnes last year, which is an increase of 30% compared with 2020 and 26% against 2019.

"Demand for air cargo soared amid global supply chain disruptions," the airport said in a press release, adding that its "aggressive cargo strategy– set in motion prior to the pandemic – allowed it to capitalise during the past two years as capacity constraints piled up at major US gateways".

The airport said that traditional cargo gateways are "often swamped", creating a backlog that keeps cargo sitting for days waiting to be processed or available for delivery.

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"Every minute that cargo isn't being moved to its final destination incurs further expenses," PIT said.

Nate Hankinson, president of Pittsburgh-based NJH Consulting, said: "The Airport Authority has put a lot of effort into a long-term solution for inbound and outbound airfreight – to really build a product that is different than what's offered at the major air hubs in the US to offer quicker turn times, quicker to market."

Hankinson said the airport's success comes from partnering with the "regional logistics ecosystem", such as trucking companies, ground handlers, local warehousing, container freight stations and third-party logistics providers.

Marc Schlossberg, executive vice president of air cargo & sales/marketing for Unique Logistics, said that it had shipped thousands of pounds of fashion apparel and high-tech products through PIT in the past year on a variety of international airlines, including Cathay Pacific and Qatar Airways.

"What we're seeing is the labour issues and challenges surrounding lack of capacity at terminals as well as the additional labor required to manage passenger freighters has driven operations to secondary airports like PIT because the major gateways can't handle the requirements," Schlossberg said. "The labour shortage is a problem in places like JFK and as a result it's opened up opportunities for me to divert aircraft away from JFK or Chicago or L.A."

The airport has also benefited from a new airline customer: Amazon Air started air cargo services to PIT in May.

Further expansion is on the cards. In 2019, the US Department of Transportation awarded PIT an $18.9m grant to support the construction of a 75,000 sq ft cargo facility, Cargo 4.

The building will feature 18 loading docks for trucks; most will come with dock levellers while others will be used specifically for Unit Loading Devices (ULDs). Flatbed trucks will be able to access the interior of the warehouse.

Air cargo load optimisation leveraged by quantum computing

BY Roger Hailey

Software company Quantum-South is looking for air cargo partners in a proofs of concept (PoC) for its solution to optimise cargo loading in aircraft.

The quantum computing based application has already been tested on platforms of different quantum computing providers.

Quantum-South's team has been working in container load optimisation for air cargo since the Airbus Quantum Computing Challenge in 2019 where it became one of the global finalists.

Airbus has identified this problem as one of the most challenging in the aerospace industry.

Quantum-South said in a statement: "Basically, the problem can be stated as determining the optimal loading strategy for packing merchandise in aircrafts, aiming to find the optimal configuration of maximizing the loading subject to appropriate constraints. Quantum-South develop
ments have been focused on using quantum algorithms to address the problem.

"The problem addresses a number of packages to be transported with the objective to identify the optimal selection of the ones that maximizes the profit associated to the unit loading devices (ULDs) while respecting restrictions, such as maximum weight and length, centre of gravity, shear, and the shape of the fuselage.

"Given the exponential increase in the number of possible combinations as the number of packages increases, the problem poses a serious challenge be solved by classical means."

The air cargo optimisation software is now ready for a PoC in a real business scenario, involving air cargo operations, using determined source-destination locations with an interesting complexity and a particular aircraft freighter model.

The source-destination locations can have multiple weekly flights for the same freighter where containers of different nature and priority could be arranged.

Quantum-South added that the software is flexible to air cargo scenarios as it can be adapted to business requirements/restrictions and incorporated in the optimisation criteria.

It can be applied to any model of cargo aircraft and can be extended to loading of passenger aircraft.

The statement added: "The idea of the algorithm is to load the aircraft maximizing the profit associated to the ULDs while respecting restrictions, such as maximum weight and length, centre of gravity, shear and the shape of the fuselage.

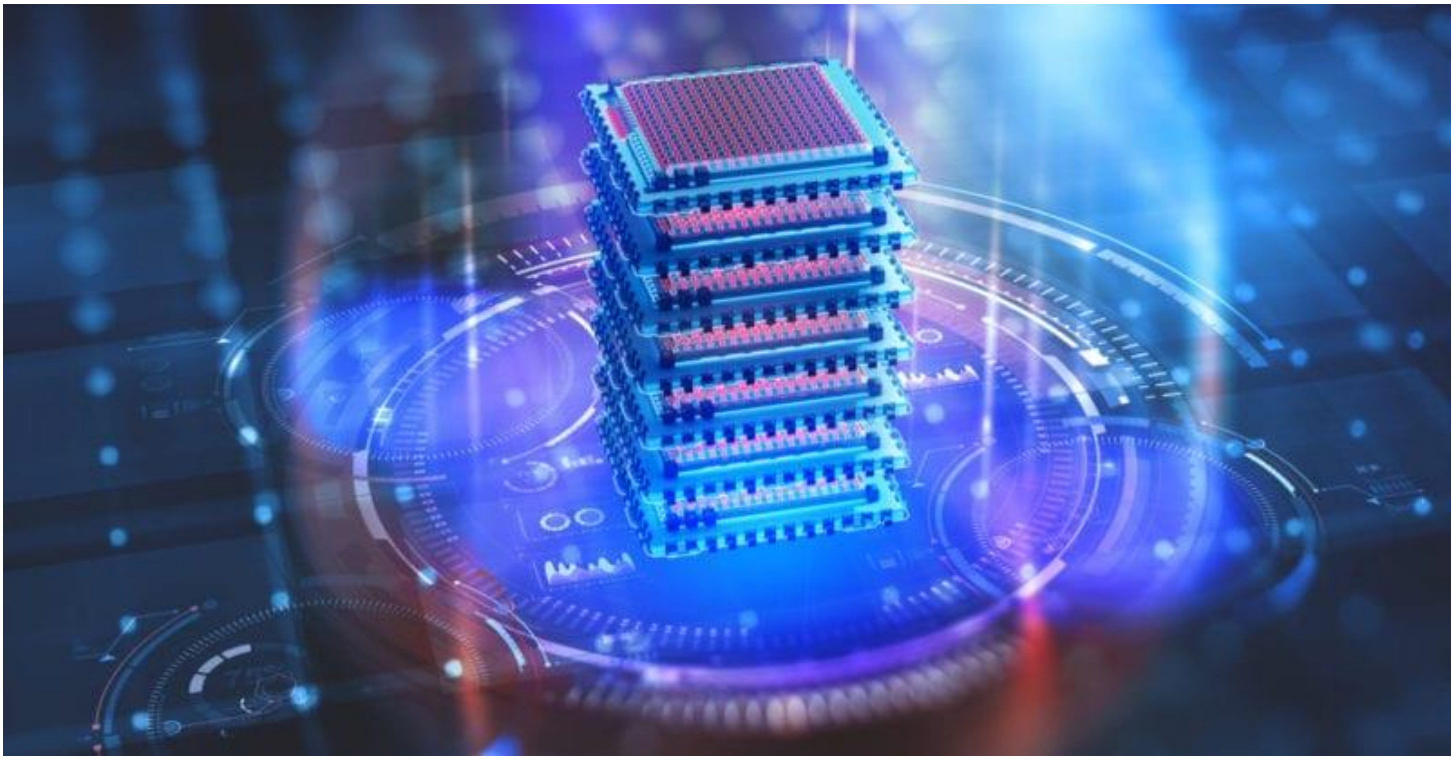
"Optimising the location of the centre of mass has a significant impact on fuel consumption and environmental protection."

The software supports two decks to fill with ULDs. All the restrictions such as maximum weight and volume, centre of gravity and shear are implemented taking into consideration the main and lower decks.

The ULD picking list is composed of ULD of industry standard sizes, both containers and pallets. Each aircraft type, depending on the size of its fuselage, may carry a different subset of ULDs.

"In general, the subset of ULDs of its two decks (main deck and lower deck is disjoint given the differences in capacity). Finally, there are ULDs that can go in only one position on each deck, while others accept multiple configurations."

Founded in 2019, Quantum-South works with complex optimisation problems for cargo in airlines and ships leveraging quantum computing software. Quantum South was founded in the University of Montevideo and is the first quantum start-up in Latin America.



Hapag-Lloyd's new weekly express China-Europe loop will replace 2M slot charter

BY Mike Wackett

Hapag-Lloyd has reacted to the 2M's decision to terminate its slot charter deals with rival carriers by launching a standalone China to North Europe loop.

From April, Hapag-Lloyd will commence the direct service outside its THE Alliance VSA linking the Chinese port of Dachan Bay with North Europe's third-largest container hub, Hamburg.

Dubbed the China Germany Express (CGX), the two-port loop will deploy eight panamax vessels and offer a 27-day headhaul transit time.

"It will replace our Far East Loop 6, 7 and 8 services, all slot charters on 2M services," said the carrier.

Hapag-Lloyd surprised the industry in January 2020 by signing the slot-charter deal with 2M partners Maersk and MSC to buy space on the 2M's AE2/Swan, AE5/Albatross and AE10/Silk loops for its own loops 6, 7 and 8.

At the time Hapag-Lloyd said the agreement would "offer a higher frequency to some destinations" and "a direct service between ports either not served by ships of THE Alliance or not directly paired".

Analysts suggested that access to direct calls at Scandinavian and Baltic hubs via the 2M loops was the main interest for the German carrier and, at the time, the 2M welcomed the additional guaranteed revenue.

Meanwhile, despite the new CGX service only calling at Hamburg, Hapag-Lloyd will be able to use commercial feeders for onward carriage and still achieve a very respectable total transit time for its Scandinavian and Baltic import customers.

Hapag-Lloyd said the first sailing of the new weekly service was scheduled for the beginning of April. So far, the carrier has not named any vessels that will be deployed on the loop, but due to the lack of open charter tonnage on the market, it will probably need to source ships from other services within its network.

Andreas Buetfering, senior director trade manager Far East at Hapag-Lloyd, claimed the new loop's "fast connection" would "reduce the complexities" and "increase reliability" for customers.

The Loadstar understands that Hapag-Lloyd has a base of contract cargo for the new CGX service that needed to be protected. Moreover, increased long-term rates, probably agreed subject to reliability and transit times, can support the high cost of the standalone small ship service.

The news from Hapag-Lloyd comes just a day after MSC announced that the 2M was ending its Asia-US west coast slot charter agreement with South Korean niche carrier SM Line from May, and a week after the 2M and Zim said their collaboration on that route, along with the MSC-Zim deal on the Asia-Mediterranean tradelane, would cease in April.

'Not much has changed' at China's ports, despite traditional post-CNY lull

BY Sam Whelan

The traditional post-new year (CNY) lull has helped ease China's port congestion, but cargo backlogs and container shortages are still propping up rates.

In South China, for example, services at Yantian, Shekou and Guangzhou are back to normal, according to Fibs Logistics.

And in North China, Qingdao and Tianjin are also operating normally, Fibs said, but Shanghai remains the exception, given the port is still suffering "serious congestion", with most vessels delayed by a week.

However, Norman Global Logistics Asia (NGL) said the capacity situation had improved at Shanghai since the holiday, adding: "But space is still tight with many vessels having blank sailings and omitted service following the lunar new year closings in China. High volumes of cargo that was rolled before the holiday are still taking up space for departures."

There's a similar situation at Ningbo, says NGL, with "many vessels delayed for the coming weeks", and space remaining just as tight as before CNY.

But Shenzhen and Hong Kong are faring better, NGL said, with low activity during the first week after the holiday. However, there are still some local Covid issues to contend with. The firm said: "On 8 February, several CFS warehouses in Shenzhen stopped receiving cargo due to Covid restrictions. The area still has some in place, causing local delays for factories and transport."

As The Loadstar reported on Friday, the post-CNY lull has lead to slight softening of spot rates, with prices to Europe down by 4%, to $14,258 per 40ft, and on the transpacific by just 1%, to $10,437 per 40ft.

Xeneta pointed out that freight rates were behaving differently this year, because "any respite from lower manufacturing activity is quickly filled by the backlog in exports already prepared and waiting to be exported, either at the warehouse or already in the terminal".

Likewise, according to Westbound Logistics Services, equipment shortages are also helping to keep rates elevated. The forwarder said: "We had hoped that this CNY would act as a 'circuit breaker' [for freight rates], but early indications are that not much has changed.

"For example, Northern China is currently experiencing a higher degree of equipment shortages, and therefore rates are significantly higher than the rest of the country."

Delhi builds on logistics plans with multibillion port project investment

BY Angelo Mathais

The Indian government's ambitious roadmap for its major public ports is under way, as cargo volumes rebound after crashing at the height of Covid lockdowns.

Maritime India Vision 2030 comprises 963 projects across 12 ports, at an estimated total cost of Rs677.2bn ($8.9bn), and essentially involves the addition of terminal capacity, equipment upgrades, mechanisation, connectivity improvements and digital solutions.

Of these schemes, 208, worth Rs44bn, were completed last year, while 504, with a cost outlay of Rs482.6bn, are at various stages of development, according to a new government port review presentation.

Among the 12 landlord ports, Kolkata (recently renamed Syama Prasad Mookerjee Port) has 143 projects lined up and Jawaharlal Nehru Port Trust (Nhava Sheva) ids moving ahead with 131 projects.

With decades of under-investment, government-controlled ports have lost considerable ground to a new crop of more modern, privately built minor ports, dominated by Adani Group, which operates terminals at 12 locations led by Mundra Port.

To counter these competitive challenges, the government recently put in place legislation to transform major port trusts into a corporate style of management, with greater autonomy commercially and operationally.

Building on the push, it has moved a proposal to rejig the public-private partnership (PPP) model for awarding port development contracts. New concessions will be designed around two models – equip, operate & transfer (EOT) and operate & maintain (O&M) – to "promote PPP and facilitate private sector investment in the port sector ecosystem", the Ministry of Shipping noted. EOT will cover projects where cargo berths exist, but the concessionaire will have to install and operate equipment; O&M will be for projects with berth and equipment in place, thus requiring the concessionaire to operate the assets.

On the container front for major ports, the current most notable project is a 2.4m teu capacity addition at JNPT, awarded to PSA International under a two-phase concession deal. Touted as the single largest foreign direct investment into the Indian port lexicon, Phase II was originally due to open in late 2022, but has fallen behind schedule because of Covid disruption and other market challenges.

According to industry sources, under a revised timeline agreed by JNPT, Singapore-based PSA is to begin construction on the second phase next month and commission the project in April 2025. The first phase began operating in February 2018.

As intra-port competition heats up, terminal operators are also making every effort to set new operating benchmarks. The latest example is a $115m investment by APMT Mumbai to raise its cargo handling capabilities through advanced ship-to-shore and rail-mounted gantry crane deployments, aiming increase capacity levels by 10%, to 2.18m teu, annually.

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