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## Chartership – a new word in the cargo dictionary

Scrolling through LinkedIn, one post in particular caught CargoForwarder Global's eye last week – mainly because it contained a word we had not yet come across: "Chartership". Chartership was the topic of Steven Verhasselt of FB Cargo Strategy Consulting's presentation at the Neutral Air Partner event in Costa Navarino, Greece, at the end of MAY23. CargoForwarder Global (CFG) reached out to Steven Verhasselt (SV), to learn more about the concept and its place within #sustainabilitythrough efficiency.

### CFG: What is Chartership exactly?

**SV:** Chartership is a Block Space Agreement concluded jointly by a group of partners with an operator. The terms and conditions of this BSA are fully covered by the underlying contracts between the individual partners. A joint approach increases the size of the committed allocation and consequently puts the partners in a better negotiating position vis-à-vis the operator. Partners can trade part of their allocation to other partners and even to third parties. The extra profit from balancing dense freight with bulky freight shifts from the operator to the partnership.

The partners all agree to the rules and regulations that come with a partnership. The technology allows a fully automated allocation management and blockchain style accounting and payment.



Steven Verhasselt explaining Chartership at the NAP event in Costa Navarino, Greece. Image: FB Cargo Strategy Consulting

### CFG: How did the idea come about?

**SV:** The idea is not new. One of the partners applied it in the past to combine commitments from competing freight forwarders and jointly lease a needed freighter to guarantee uplift capacity. It has also been used to combine the needs of multiple NGO's to optimize the use of scarce capacity into regions struck by disaster.

The new technology platform – still under development and in need of investment – helps to roll this out as a more day-to-day opportunity. We have seen the cargo market change with freight forwarders stepping in to guarantee uplift by leasing aircraft or even starting airlines. Chartership would allow a group of smaller players to do the same.

### CFG: Is it exclusive to air cargo or a concept that exists outside the industry already?

**SV:** It is not exclusive to air cargo. It could be used in any mode of transportation where freight forwarders or cargo owners partner to guarantee uplift. It might be explored in rail connections or even sea freight. The particular advantage of profiting from combining different kind of loads and gain on pivot weight is maybe not transferable to other transport modes, but the advantages of tradable commitments to optimize joint loads are multi-modal.

### CFG: And what is Sustainability Through Efficiency? What sets it apart from conventional sustainability strategies?

**SV:** Sustainability Through Efficiency is an idea that makes sense. We picked it up from a number of initiatives that actually look at "low hanging fruit" to make transportation both more (cost) efficient and sustainable. If airplanes fly, they should fly full. If airplanes fly, they should fly direct routes. If airplanes fly full from A to B, but not from B to A, they

should be allowed to make triangles.

We all read about the future, and electrical airplanes or hydrogen engines, and I do believe we need to work on that, and SAF as well. But meanwhile, if we fly one full airplane instead of 2 half empty ones, we save a lot of money and CO2.

Traffic rights and efficient flight paths are work for regulators, and a lot can be done. Combining forces to optimize the use of resources can be done by us, the industry.

**CFG: And how does Chartership fit into Sustainability Through Efficiency?**

**SV:** Massimize is a program that helps loadmasters and airlines to optimize the loads and minimize fuel burn. Chartership is the next stage, where the cargo owners also aim to optimize the use of an aircraft by combining loads. Both programs fit into Sustainability Through Efficiency, as many other projects and programs do. As far as I know, nobody really owns Sustainability Through Efficiency; it is just a line of thinking that helps the industry to gain and drive sustainability throughout the logistics chain.

**CFG: You recently talked about the two strategies at the Neutral Air Partner (NAP) event in Costa Navarino.**

**What was your key message to the audience?**

**SV:** NAP is bringing together independent freight forwarders to cooperate cross border and join forces. Chartership could be a tool for the members of NAP to bring that cooperation to a next level. A chartership works best with a moderator who can negotiate on behalf of the chartership with third parties, and who can resolve issues within the group of partners. NAP would be perfectly placed for a chartership between members.

The main message is that cooperation is key. Leveraging forces of individual players can balance the power with the network players.

Another key message is that the drive for sustainability doesn't need to wait until SAF is readily available at all airports at competitive rates, or until hydrogen or electric planes are operating. We can start by being efficient and optimizing the resources that are used anyway to the maximum.

**CFG: Are these new trends that have been triggered by the pandemic/New Normal?**

**SV:** Yes, although I am not so sure that the new normal is a lot different from the past. Fact remains that we learned the hard way that trusting last moment spot rates can lead to cargo staying on the ground when disruptions happen. We also learned that cooperation is the only way forward when times are really tough.

**CFG: Who all plays a part in Sustainability Through Efficiency?**

**SV:** Everyone can play a part in this. It is an industry-wide idea, not only air freight, but logistics and other stakeholders as well. A lot of resources are still wasted. Rather than looking for alternate resources, that come at high cost and take time, we can start by being more efficient and sharing resources to reach that goal.

**CFG: If a company is interested in getting involved in Chartership, how should they go about this?**

**SV:** Chartership exists old school, and it is a proven concept. We are ready to guide companies into it. The technological platform, that will make the process completely digital, including payment settlement by blockchain, is still under development. We are looking for financial and technology partners to take us to the next level. Feel free to contact me.

**CFG: What are some common misconceptions about the sustainability goal achievement in air cargo?**

**SV:** I appreciate all efforts that are made. I believe it is a common misconception that our industry is a main contributor and should be blamed for all things bad. But as we are highly visible, we have to accept that as an industry and show goodwill and make up for it. I don't believe we should hold back until 2030 or 2050 for all the new solutions to arrive. By working on it day by day, as an industry and with the regulators, we can make a big impact already. Thank you, Steven Verhasselt for all the details!

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