

### MANAGING CAPACITY FLUCTUATION: THE KEY TO EFFICIENT CARGO AIRPORTS

By effectively managing capacity fluctuations, cargo airports can ensure that they remain efficient and competitive in the global market. This not only benefits the airport operators but also the wider economy and the clients they serve. Steven Verhasselt - Founder, FB Cargo Strategy, in an exclusive to Cargo Trends mentioned that the long term success of a cargo development at any airport depends on capacity, infrastructure and people. On the other hand, Steven is of the view that in order to meet the requirements, for speed and more importantly for reliability and traceability, digital processes for tracking and customs clearance is now the standard. Here are the details .....

**How do you see the 2024 outlook for cargo airports?**

**Steven Verhasselt - Founder, FB Cargo Strategy** - I believe 2024 will be a challenging year for the industry. Specifically for cargo airports, the competition between growing belly capacity and freighters will continue. Especially the Chinese belly market is still nowhere near where it was in 2019, but clearly on his way back. There are a number of indicators that would predict the market demand to start pulling again. The cycles for electronics and automotive for example will be moving up again, and that should be good news for freighters. Some airports popped up as alternative cargo gateways, but the market is clearly moving back to known gateways. The long term success of a cargo development at any airport depends on capacity, infrastructure and people. As always, disruption will take place and lead to low lows and high peaks. Managing the capacity fluctuation is key for a cargo airport. And I do believe they are well prepared for the better times that are upon us in 24.

**What are the digital transformation initiatives you see at cargo Airport ? How do you see the collaboration with the industry partners?**

**Steven Verhasselt** - I believe the e-commerce has set a new standard for digital flows of cargo at airports. In order to meet the requirements, for speed and more importantly for reliability and traceability, digital processes for tracking and customs clearance is now the standard. The industry partners that are still often overlooked are the government bodies, not only customs, but customs in the first place, as well as border inspection posts for perishables and live animals as well as other government organizations involved in the airfreight industry. The integrators have shown that seamless flows are possible, as long as the data is available at the right time to the right people. In a fragmented logistics chain, this is what industry partners should agree to. The systems are available. The implementation still holds a lot of room for improvement.

**What sustainable practices do you see in the future of ecommerce logistics and order fulfilment?**

**Steven Verhasselt** - I believe there are already a lot of initiatives for sustainable practices in e-commerce. You have the big very visible initiatives like flying partially on SAF, putting solar panels on warehouses or using electrical vans or even bicycle couriers for last mile delivery. There are the logical steps like using less packaging, recycled packaging and recyclable packaging. I think all that is a step in the right direction. I also strongly believe in sustainability though efficiency. That does not only help the environment, it also helps the balance sheet. Moving forward, avoiding unnecessary movements by optimizing the use of existing capacity, is definitely more efficient than flying SAF or driving electrical. Same goes with packing, consolidating deliveries is more useful than minimizing the packing of individual packages. Finally, we need to abandon the possibility of free returns, reverse logistics is complicated, very expensive and not sustainable at all.

**What are the key developments in air cargo sustainability? How do you see the path forward in this direction?**

**Steven Verhasselt** - Sustainability through efficient works not only for e-commerce, it works for the industry. One example is of course freighter vs belly. For certain product verticals, the usage of belly makes perfect sense, both from a financial as from a sustainable point of view. For example the output from a pharma shipper per destination is rather limited, so a shipment perfectly fits into a belly, and continues its way to distribution network and final destination in transport modes perfectly tailored for that. Another example would be a large shipment of says electronics. The output could easily fill a freighter, but to save on the shipping costs, it is split up over a number of belly shipments. They all fly to their destinations, where they are being picked up and transported to the central distribution center. From there on it continues its way. From



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a cost point of view, the air rate will be lower, but the added complexity might create additional costs as well. From a sustainability point of view, breaking up a shipment at origin to bring it back together at destination adds aircraft time, gse movements and trucking movements. My point is that in many cases, consolidation is more efficient, and more sustainable. I believe we need to look into that as an industry as well, and not only focus on operational initiatives like SAF, hydrogen, electrical power and recycled packaging.

**What impact do you see on changing trade policies on global supply chains? How do you see the importance of risk management and resilience in this regard?**

**Steven Verhasselt** - The cycle of outsourcing and in-sourcing, consolidation and diversification is related to political decisions that are not controlled by our industry. Risk management and resilience, as well as flexibility and resource allocation, are key to meet ever changing requirements at the right time. I definitely see the China +1 or China +2 gaining ground for production, which means there will be opportunities for logistics development in for example Vietnam, Thailand and India. I see the near shoring moving in the Americas that will generate opportunities for specialized regional gateways in the US. I definitely believe that the airfreight industry needs and deserves more investment to make sure our industry can keep the world economy afloat. In a multimodal logistics chain, connectivity is key. In a global market place, airports who manage to integrate themselves in the logistics chain, will always have the competitive advantage of a 3km runway that connects globally.

