



An improving picture within African air freight

Beyond the obvious challenges presented by Covid-19, long-term issues of inadequate cargo handling space and infrastructure persist within the region, although various operators and some national governments are investing to improve handling efficiencies and productivity, reports Stuart Todd

Africa's air cargo market, like those in other geographies, has spent most of the past couple of years navigating through extreme turbulence caused by Covid-19, with the limited and fluctuating air capacity affecting the efficient movement of cargo to, from and within the region and leading to particular challenges for certain key trade lanes, commodity verticals, and the stakeholders involved in those markets.

While demand and capacity has recovered significantly since 2020, the

volatility in capacity and traffic levels has led to cargo handling resource challenges – although the region has broadly escaped major congestion headaches like those experienced in some other parts of the world. Nevertheless, long-term issues of inadequate cargo handling space and infrastructure persist, although various operators are investing to improve handling efficiencies and productivity.

Pandemic impact

Sanjeev Gadhia, founder and CEO of Nairobi-based all-cargo airline Astral Aviation, says the pandemic's impact

on the aviation sector in Africa was felt particularly by the perishables trade, which had much-restricted capacity in 2020 and 2021 arising out of a limited resumption of passenger flights to and from Europe.

“Perishables such as cut flowers and vegetables bound for Europe have seen the highest air freight rates in their history, although there is hope for the rates to stabilise by the second quarter (of 2022),” he notes. “The inbound sector from China to Africa has been affected due to lack of direct or indirect capacity – hence the rates are at historical highs, which has affected e-commerce and mobile phones shipments



WFS has continued investing in its Johannesburg (pictured) and Cape Town operations, including the opening of GDP-certified pharma facilities

bound for Africa.”

Like in other regions, Gadhia says African airlines “made significant attempts to improve capacity by converting passenger aircraft into ‘freighters’, which made a difference in key routes into Europe and the Middle East.”

Astral opened up its own capacity for the transport of PPE and medical equipment from early 2020, giving it priority over scheduled flights as demand for such shipments from China to Africa reached very high levels. And in 2021, its scheduled flights “had fully normalised, with a 70% increase in frequencies to and within Africa compared to prior to the pandemic, while operating new routes on the B767F to Middle East and Asia”.

Astral is currently operating six weekly round trips between Nairobi and Johannesburg using B767 and B727 aircraft, mainly carrying express freight for major customer DHL. It is also operating flights between Nairobi and Hong Kong via Dubai and also from Nairobi to Liège (Belgium) and Doncaster Sheffield (UK), along with an extensive

network of intra-Africa flights. But that is set to expand further this year, when the airline takes delivery of three B757FS and one B767-300F.

Yield-driven decisions

Lufthansa Cargo, which serves 31 airports in 25 countries across the continent, says that with air cargo capacity negatively affected by the reduction of passenger flights, the global crunch of freighter capacity has moved some maindeck space to the routes with the highest yield levels. Frank Beilner, VP for Middle East and Africa, observes: “Obviously, where uplift opportunities are reduced in frequency and geographic spread, some cargo needs to be moved further than before to the next available point of uplift,” potentially reducing operational efficiency.

“However, where the perceived commercial added value of the air cargo service has been big enough in the eyes of the customer, tailor-made and highly efficient solutions have been available at most times in the past two years.”

Extended footprint

Kuehne + Nagel’s SVP for Middle East and Africa, Daniel Randig, highlights that “air cargo flows in Africa rely heavily on scheduled passenger flights, so the moment the borders closed and people could not travel anymore because of Covid, the impact was immediate and significant.”

Nevertheless, at the beginning of 2022, the forwarding group extended its footprint in Africa to 18 countries and announced plans for further expansion during the first quarter of 2022. Its offices are managed and supported by a ‘control tower’ in Durban, South Africa.

“The main challenge for our region is the high dependency on perishables on the outbound,” Randig notes. “The price elasticity of products like cell phones and fashionwear is very different to that for flowers or fruit and vegetables. With scarce capacity in the world but a strong rebound in demand, airlines are positioning their freighters in markets that accept a much higher rate.”

Cargo handling perspective

Menzies Aviation’s head of cargo for

Africa, Colin Baldwin, says that while passenger flights in the Africa region have been severely affected by Covid-19, the movement of air cargo has continued.

“Initially slow to start at the beginning of the pandemic, but similar to most other regions throughout the world, the majority of carriers used their passenger fleets in cargo-only mode which boosted cargo volumes as the main cabins were utilised, often with seats removed. In certain countries where airports were no longer used, this enabled cargo to move by road to hub stations and thereafter flown to final destinations.”

Exports and imports

Astral’s Gadhia says exports of cut flowers, fruit and vegetables “have performed very well and have reached pre-Covid levels, due to the high demand from Europe and Middle East.

“Demand for imports into Africa had been impacted in 2020 due to the shutdowns imposed in various countries, with South Africa taking the biggest



Despite resilient demand, NAS estimates there was still a decline of around 11% in export volumes in 2021, due to reduced capacity and high air freight rates

knock. In 2021, air imports did resume to an extent but have never reached pre-Covid levels as African countries continued to struggle with the economic slowdown as a result of the pandemic.”

Beilner confirms that global demand for major African export commodities – mainly in the perishables sector – has not fallen significantly due to Covid. “Wherever capacity is available, these markets are performing well,” he notes, but adds: “If an African perishable exporter is dependent on very specific on-forwarding by air beyond the European hubs, things might become tricky due to the significantly reduced frequencies of intra-European passenger networks.”

Nouamane Zahouani, general manager for Uganda and Kenya at regional African handler NAS Siginon Aviation Services – formed last October when National Aviation Services (NAS) acquired a 51% stake in Kenya’s Siginon Aviation – confirms that the outbound market “continues to be resilient in spite of the current capacity and high freight cost challenges”, but estimates there was still a decline of around 11% in export volumes in 2021 compared to 2020, “due to reduced capacity and high air freight rates”.

Beilner says demand for imports into Africa by air has been “robust” during Covid. “Given that it is usually the more critical needs of a country that are served by air imports, this sector has, if anything, grown.”

Zahouani says imports “initially dropped but picked up from September 2020 onwards and have been stable because of partially flying in Covid-19 related shipments. There was an increase of 15% in imports volumes at JKIA, NBO in 2021, compared to 2020.”

South Africa challenges

Menzies Aviation’s principal cargo operations in Africa are based in South Africa, and Baldwin says these have been largely unaffected by the reduction in flown capacity that has impacted the uplift of perishable products throughout the wider region. “Flower growers and perishable product shippers have had to be creative in utilising all available



Nouamane Zahouani
NAS



Daniel Randig
K+N



Malcolm Tonkin
WFS



Sanjeev Gadhia
Astral Aviation



Frank Beilner
Lufthansa Cargo



Colin Baldwin
Menzies

transportation methods including air, road and sea,” he notes.

“The South African perishable market for our customers has remained relatively buoyant as perishables are one of the largest export products flown by air. However, the reduced capacity into the dominant Kenyan perishable market was

severely affected by approximately 500 tonnes per week in 2020. This has been somewhat reduced with the airlines turning their passenger aircraft into freighters.

“While there has been a limited reduction in the demand for imports into the region, there has been a reduction in available flown capacity, despite the

utilisation of empty passenger aircraft for full cargo loads. Similar to most regions around the world, this has led to significant peaks and troughs of activity that has been challenging to resource, particularly where there are the high Covid infection rates. For Menzies Aviation, we have experienced an upswing in cargo volumes from 2020 into 2021 with an overall increase of almost 30% across the region – with import cargo remaining above 65% of all cargo flown.”

Little airport congestion

But unlike some major airports in Europe and the US, the Africa region has not experienced much airport congestion during the pandemic, mainly due to the drop in aircraft movements.

“The pressure on cargo ground handling infrastructure was initially experienced in Q2/Q3 2020 when there was an influx of PPE into South Africa, but this eased during 2021 and has not been a concern since,” said World Flight Services’ (WFS) managing director for South Africa, Malcolm Tonkin.

“We’ve continued to invest in our WFS operations in Johannesburg and Cape Town, including the opening of GDP-certified pharma facilities.”

Astral’s Gadhia confirms there have been “no signs of congestion or constraints around cargo handling at major African airports as most of the service providers are able to manage very well due to the decline in the number of flights during the pandemic.”

However, where there have been difficulties on ground is in the road freight sector, which has been affected by border-controls for Covid-19 testing for drivers, resulting in long delays along various corridors.

“Efforts to harmonise Covid entry and exit requirements at borders are being hampered with countries taking different positions on transit requirements,” he notes.

Cargo handling challenges

As to the current state of air cargo handling in Africa, Gadhia describes service levels at the “top 10 primary

airports in Africa” as “satisfactory. However, in certain airports there are limited facilities for handling and storage of cargo, which results in delays.

“More needs to be done once Covid-19 recedes, and some of the suggestions relate to encouraging private sector participation in upgrading the infrastructure or building new smart terminals – especially in e-commerce and cool chain – which can accommodate all types of cargo on the airside.”

He also highlights “the high cost of ground services and taxes, which arises due to lack of competition as the facilities are managed by the national carrier or a state-owned organisation.

“We need a combination of ‘smart’ infrastructure, especially in e-commerce and cool chain, while encouraging foreign investments and PPPs to support the role of the private sector in developing African airports.”

Covid-19 vaccine handling

Last October, Astral signed a pharma

interline agreement with Etihad Airways and Kenya Airways, to expand Etihad's pharma reach in Africa, and provide reliable and cost-effective air freight solutions across the continent. "The agreement enables strict compliance between our respective ground handlers to ensure conformity to the cool chain, and will allow the smooth transfer and consolidation of vaccines at our Nairobi hub," Gadhia explains.

"The roll-out of Covid-19 vaccines in 2021 was far below the projected supply due to the export restrictions imposed by the government of India, since the majority of the vaccines committed by COVAX for the AMC countries originated from India. In 2022, we expect a larger volume of vaccines to be moved to Africa in comparison to 2021, which will enable a greater reliance on air cargo to and within Africa."

Enhancing technology

Baldwin says Menzies Aviation's future investment in Africa will be based on enhanced technology to minimise the physical handling of cargo, as well as automated dimming and weighing machines, self-service kiosks for customers and multiple innovation technologies being trialled throughout our network. "We are also working to secure additional warehouse capacity for both cargo handling and our wholesale forwarding business, AMI," he notes.

"In South Africa, the main issue to be resolved is the availability of suitable on-airport warehouse capacity. In the wider region, we will continue to seek business development opportunities to support our growth plans, with a key focus on perishable product handling and associated infrastructure to support this."

Variance in standards

Lufthansa Cargo's Beilner says there is "a huge variance" in the standard of handling services to be found in African countries ranging from "global state-of-the-art, all the way to 'very challenging'."

Kuehne + Nagel's Randig notes: "We have some countries where the national government has invested in infrastructure

and, with open and constant dialogue with the private sector, has been modernising not only the facilities but the processes, moving towards digitisation, which brings transparency and speed.

"But in many places, we still see airports and airlines with obsolete infrastructure and equipment, heavy overheads and complex structures. The bureaucracy in countries – for example, many still require piles of physical documentation – also needs to improve more quickly. An efficient supply chain directly impacts the whole population, attracts investments from the private sector and generates local business."

Nouamane Zahouani of NAS says that due to the pandemic, a number of airport improvement projects were put on hold, and some non-essential but important training programmes were also stopped to manage costs – leaving some organisations needing to catch up, for example via online training programmes. And although airport congestion is not currently a major challenge in Africa, Zahouani says various countries within the region have embarked on significant infrastructure development in anticipation of increased demand in the near future – including for distribution of Covid-related items, and with the reopening of economies in various markets.

In the meantime, cargo handlers have been continuing to upgrade their own operations.

Tonkin says since the onset of the pandemic, WFS' South Africa unit has invested in additional facilities, equipment and people in Johannesburg, adding 3,600 sqm of warehousing to its footprint in September 2020. "We have also introduced and invested in a number of Operational Excellence and Continuous Improvement projects, and invested in our ability to meet the strict handling requirements of our customers transporting pharmaceutical products.

"One of the main challenges which needs to be addressed, particularly in Johannesburg, is the need for more modern cargo handling facilities. It is a subject which has been recognised by the airport authority and one which was due to be addressed prior to the pandemic." ■



Carrier case study: IAG Cargo

IAG Cargo offers capacity on over 40 flights a week to and from Africa, flying directly to Accra, Lagos, Abuja, Cairo, Nairobi, Cape Town, Johannesburg and Mauritius from London-Heathrow and Dakar from Madrid, facilitating the trade of fresh produce exports and electronics and automotive parts into the region, says regional commercial manager for Europe and Africa, Freddie Overton.

Adapting since the start of the pandemic has meant incorporating new solutions such as cargo-only flying and a specialist charter service for customers, as well as adapting passenger aircraft into freighters.

"We expanded our operation into Africa with a new route to Dakar from Madrid in October 2021, running five times a week utilising an Iberia Airbus A330 and A350 with an approximate capacity of 20 and 30 tonnes per flight," Overton notes. "This service responds to the increasing demand of goods such as electronics and pharmaceuticals into west Africa, and perishables such as fresh fish, fruit and flowers out of the region." And in January, its flights to Cape Town increased to two B777-200 flights per day.

Access to dedicated on-the-ground handling teams "are a vital part of the process" of air cargo playing "a critical role in keeping global supply chains open" and "has allowed IAG Cargo to continue to service the (Africa) region throughout the pandemic", he notes. ■